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# Current History

MARCH, 1960

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# Current History

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*April, 1960*

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# Current History

Vol. 38

MARCH, 1960

No. 223

*Today, in Latin America, "the political revolution seems to be giving place to the social." Here, seven articles investigate the underlying causes of unrest south of our borders. The new type of revolution may be seen most clearly in Cuba, where revolution is "sweeping in its implications" for Latin America and for the United States. As our first article points out, there will probably be other, similar, revolts, and in all of them "the Communists will be feverishly active."*

## Cuba: The Evolution of Revolution

By HARRY BANTA MURKLAND

*Hemisphere Affairs Editor of Newsweek*

REVOLUTIONS are tiresomely routine in Latin America. In some cases they follow a predictable pattern; once they start, their courses can be traced with the greatest of ease. Not so in Cuba. Fidel Castro's revolution adds something new, unpredictable and significant to the pattern. It may very well mark the beginning of a cycle of similar revolts, superficially like the old but actually in a new style. The political revolution seems to be giving place to the social.

The Castro revolution can best be understood by tracing its evolution. The old style revolution went something like this, with individual modifications, of course: An ambitious strongman, civilian or military, would come to power, often by more or less legitimate means. Once in office, it became almost impossible to get him out, except by force. Using the ancient device of *continuismo*, he would cling to power indefinitely. *Continuismo* involved such contrivances as manipulation of the constitution to give a veneer of legality to his actions, or replacement by a rubber stamp.

Meanwhile, the opposition was beginning to build up even before he was safely seated. The buildup continued until it developed a strong leader, and the army became infected.

In most instances the army was still the decisive factor. When it finally turned against him, the dictator was through, another dictator stepped in, and the process began again.

Nicaragua was a good example. In 1937, the late General Anastasio Somoza, boss of the army, was elected president. He was still president when he was assassinated in 1957. First, he forced through a new constitution extending his term for eight years. At the end of that time he saw to it that an elderly relative-by-marriage was chosen to succeed him. When the old man showed signs of unexpected independence, Somoza threw him out and installed his own uncle on the throne—all this, of course, with the eager cooperation of a docile constituent assembly. A little later the new President died and Congress promptly named Somoza to fill his unexpired term. Somoza ran on his own in 1950 and won without difficulty. By a further refinement of *continuismo*, his son Luis was picked to follow him.

Nicaragua is not quite typical, because the indestructible Somoza managed to cling to power until an assassin's bullet eliminated him. His dictatorship, in somewhat modified form, still continues, with his son at the helm.



But Luis is not the man his father was. It is an open secret that a revolution against him may be launched at any moment.

### Why Revolution?

Why, in the past, has this been the characteristic pattern of Latin American politics? Largely because politics was a game played by the military and the upper classes.

Most of Latin America had no middle class. Society was divided between a small, wealthy ruling group, and a "melancholy sea of illiterates." As an inevitable result of the maldistribution of wealth the great, poor majority was diseased and undernourished as well as illiterate. They took practically no part in politics. Many of them could not legally vote, and in practice few of them did.

Fundamentally, the interests of all members of the ruling class were similar. The divisions among them were largely personal, and parties were the personal followings of individual leaders rather than organizations built around political philosophies. The man or group of men that was in one day was out the next. And few but those directly concerned cared. Through every change of command, every election or revolution, the little farmer in the hinterland continued serenely about his daily affairs. It was all one to him. He would neither gain nor lose by the change.

Such a situation led directly to dictatorship. With nothing behind him but an armed fist, a ruler had to be a dictator. The situation was, of course, made to order for the military. In many Latin American countries the army was the only or at least the strongest organized, disciplined force. Whether the contestants for office were ambitious generals or power-hungry civilians, he who had the support of the army won. If by mischance he lost at the polls, he could always win in the streets. And once the revolution was over, life went on as before.

That was the old-time revolution. Occasionally, minor reforms followed in its wake, but generally speaking revolution was purely political, a change of the guard about which the common people couldn't care less.

The first of Latin America's social revolutions, in which the whole social fabric was torn and rewoven into a new pattern, was actually the Mexican upheaval of 1910. But

that was a special case without immediate consequences elsewhere.

The first, imperfect prototype of the modern revolution was Juan D. Perón's seizure of power in Argentina in 1945. This was imperfect because Perón had no real social conscience. He simply saw the huge, amorphous mass of the *descamisados*, the shirtless ones, as an effective counterbalance to the army officers who opposed him, and he built them up as another focus of force. To gain his own ends Perón gave bread and circuses to the Argentine masses, hitherto an unconsidered majority in a semi-feudal society. In the process he gave them something else, too: A new sense of their own worth and power.

In this, he was strikingly successful. His comeback after he had been momentarily forced out of power in 1945 was an example. He called on the *descamisados* for support. The rugged gauchos from the pampa poured into Buenos Aires to join the tough stevedores of the port, the husky factory workers. They camped out in parks, built their fires in the streets. They were for a time masters of the capital. The army still had its guns. But any attempt to use them against the mob would have plunged the city into a blood bath. The army hesitated and Perón came triumphantly back. In effect, the people had beaten the army. They could never be ignored again. This, in a sense, was a social revolution, a foreshadowing of things to come.

The shadow rapidly lengthened. Living standards were slightly and slowly rising in Latin America. Education, health measures and literacy were pushing a little deeper into the hinterland. The democratic slogans of the wartime allies were ringing through the continent. In some countries, a middle class was appearing. The common people were restless and were beginning to demand more of life and society. It would not be so easy after this for the ruling minority to play its private political game without regard for the masses.

The two outstanding revolutions of the next decade hinted at this. Dictators Rojas Pinilla of Colombia and Pérez Jiménez of Venezuela were overthrown not by putative dictatorial successors but by the people. In both cases democracy clearly triumphed. But this was political democracy, not social re-

form. The Bolivian Revolution of 1952 had many of the earmarks of a true social revolution but it was an incomplete and transitional one whose future is still in the balance. It was not until Fidel Castro broke upon an astonished world on January 1, 1959, that the first social revolution since 1910 became a reality.

The world, and the Cubans, misinterpreted Castro's revolt from the start. It had all the initial appearance of a simple protest against oppression. The ruthless hand of Fulgencio Batista was bearing down hard on the Cuban people. Terror stalked the streets; no man's life or property was safe.

The people who had the most to lose were the first to rebel. Tension and uncertainty paralyzed business and businessmen were unhappy. Upper class Cubans, who are basically a democratic people, were ashamed of the spectacle their island was showing to the world, and turned against Batista in disgust. Idealistic students fought openly against the dictator and were hunted down, tortured and killed by his dread secret police. First secretly, then openly, the upper and middle class began sending money and arms to Fidel whose forlorn little band in the Sierra Maestra was the symbol of freedom.

It is worth noting that the masses played very little part in all this. The cutters of sugar cane for the most part stayed quietly on their plantations. The powerful organized workers of Havana remained aloof. This was strictly a middle class revolution. Old time democratic leaders flocked to Castro's standard as he marched victoriously into Havana. They assured themselves that things would return to normal now, with Batista out of the way.

To their consternation, Castro had other ideas. Political democracy quickly got lost in the shuffle, and veteran politicians went into the discard. To Castro, whether consciously or not, the removal of Batista was strictly a necessary means to an end. The end: To remake the Cuban social order.

There was really no reason why this should come as such a surprise. Castro had been a friend of the underdog since his student days, a potential reformer. Although his father was a well-to-do coffee planter in Oriente Province (he inherited \$80,000 from his father's estate in 1958), he made a habit of

going into the kitchen and talking with cooks and waiters about their problems. When he started to practice law in Havana, many people came to him with their perplexities, and brought their friends. He was an ardent student of Marxism. How could such a man, megalomaniac by temperament, resist the impulse to re-do a country once he got his hands on it? The trouble was, Castro was an emotional do-gooder, not a rational one. He knew what he wanted to do for Cuba—and he wanted to do it right away—but he had no education in economics, no idea of how slowly and carefully reform had to be introduced to avoid upsetting the national apple cart. He was a young man in a hurry.

He had plenty of material to work with. Cuba, thanks largely to its lush, rolling fields of sugar cane, was comparatively prosperous. But the prosperity was one-sided. Incredibly wealthy land owners and their industrial satellites flourished; the *guajiros* (farmers) who made up the bulk of the population were perennially destitute. They had no jobs in any real sense. For three months a year they cut cane. Once the crop was in, they were through, with nothing to do but cultivate the tiny plots of land around their miserable hovels, and nothing to live on but their produce.

These were the people Castro was determined to help. The huge plantations must be broken up, he proclaimed, the land redistributed to the peasants so that every man could have enough to feed himself and his family. Cuba must free itself from its bondage to sugar; new crops must be introduced. Industry must be built up as a firm foundation for the insecure structure of agriculture.

There is no doubt that Cuba was ripe and ready for social reform. The island's total dependence on sugar gave it a distorted economy, subject to the buffeting of every change in world markets and prices. Only the United States' commitment to buy a large part of the sugar crop at better than world prices kept Cuba on an even keel. And nothing helped the mass of the small farmers, busy cutting cane for three months, idle and penniless the rest of the year. This had been the pattern of the Cuban economy since it had been a nation. Certainly agrarian reform was as badly needed in Cuba as in most

of Latin America, which has no hope of permanent prosperity until the landless masses are given a stake in their countries. Diversification of agriculture and the expansion of industry are also worthy objectives.

But they are long-term objectives, and Castro had no patience with the long run. All had to be done overnight. And the growing pressure of the extreme Left wing became an important factor in both his objectives and his methods. Cuba headed rapidly toward a state-directed, socialist economy, under the rigid, authoritarian political controls that were necessary if the new order was to be enforced.

While those whom Castro calls the "mon-eyed ones" might have preferred to keep things as they were, few of them would have been so stupid as to resist sane and gradual change. But the change was neither sane nor gradual, and the headlong, irrational plans of Castro were resisted. The business and professional men who were his first and most eager supporters were squeezed out of his councils as the extreme Leftists gained the ascendancy. Bit by bit his middle class followers—not all of them, of course—fell away. The machete-wielding *guajiros* became the dominant element in the revolution. Castro had not improved their lot—in many cases they were worse off than before—but his promises of pie in the sky made them forget the miserable present in hopes for the future. They could see some real gains: There were more and better schools, hospitals were springing up everywhere, somebody (the government) was paying attention to them, as Perón did to the shirtless ones in Argentina. The *guajiros* were happily confident that social reform was on the way.

Then a grim new question arose: Where does social reform end and communism begin? It is natural for social reformers to be attracted by communism or other far Left ideologies, but in Cuba the attraction seemed to go beyond coincidence.

The interminable debate over whether Castro and his chief advisers are Communists is more or less a waste of time. The point is, that whether they are or not, they are doing exactly what the Reds want done, and with active encouragement from the Communists. They are seizing private property without adequate, indeed without any compensation.

Instead of handing the expropriated land over to the peasants, they are turning it into cooperative communes, suspiciously like those set up by the Chinese Communists. Most important, they are separating Cuba, and as far as they are able, the rest of Latin America, from the United States, the natural hemisphere leader. It is unlikely that the Communists will ever openly and boldly take over the Cuban government. It would be very foolish for them to try, for the United States, in its own self defense, would immediately crack down on them, as it did in Guatemala.

And why should they bother? They can sit back quietly, rubbing their hands, while Castro does their work for them, destroying private enterprise and nibbling away at the inter-American front which, in spite of family differences, has always held fairly firm in emergencies.

#### Hostility to the U.S.

This is probably the most far-reaching aspect of the Castro revolution. In part, it is an outgrowth of Castro's own personality. He cannot bear criticism; United States attacks on his wholesale executions of Batista henchmen, without anything resembling a fair trial and his seizure of United States property, have brought a barrage of criticism (some of it entirely unjustified, it must be admitted). He has reacted as might have been expected with sweeping, emotional attacks on the United States press and government, which he persists in regarding as his enemies.

His resentment is intensified by the obvious favoritism shown the Batista régime by the last two United States ambassadors accredited to it, and by the rankling fact that, until the very eve of his victory, the United States was supplying military aid and comfort to his enemies.

Added to this is the fact that virulent nationalism is an inevitable concomitant to every kind of revolutionary movement in Latin America—an urge to escape from any kind of foreign bondage—and that the economically powerful United States, with its finger and its investments everywhere, is the chief target of the nationalists.

#### The Historical Factor

In Cuba's case there is also a historical

factor. Since the Treaty of Paris of 1898 which freed Cuba from Spain, the island has been under the benevolent thumb of the United States, and Cubans have understandably resented this.

In the first place, they complain, Cuba was not even represented in the treaty negotiations which fixed its fate; Spain and the United States settled the whole thing by themselves. The new nation was under American military occupation between January 1, 1899 and May 20, 1902. When it was finally turned over to its own people, they were still saddled with the Platt Amendment. By the terms of this, Cuba was bound not to incur debts it could not meet from its current revenue; it agreed to leave naval bases to the United States, and it agreed to United States intervention in Cuban affairs "if necessary." (The United States did intervene actively in 1906 and 1917.) President Franklin D. Roosevelt wiped out the Platt Amendment as part of his Good Neighbor Policy. But the memory of American tutelage lingers on, with the Guantánamo naval base as a living reminder. This combination of circumstances has turned a traditionally friendly nation against the United States.

This, then, is the kind of revolution Castro has brought to Cuba. It is new in character and sweeping in its implications. There can be little doubt that there will be others like it, similar in basic character, different, perhaps, in detail. They will, first, be social rather than political revolutions. The dictators are fading out, one by one. Disturbances, in the future, will represent efforts by the newly awakened masses to create better lives for themselves.

Secondly, these will be nationalistic revolutions, of the kind that are sweeping Africa and Asia.

Thirdly, they will contain an element of

anti-Americanism, for as one of the old "colonial" powers, if only in an economic sense, the United States is a natural whipping boy. How strong this element will be is pretty much up to the United States itself, and the way it handles potentially revolutionary situations.

Fourthly, the Communists will be feverishly active in all these revolutions, as they obviously are in Cuba. They are not likely to get as far in Latin America as in other parts of the world, but they will make trouble—perhaps more trouble than the U.S. can afford.

What will be the attitude of the United States toward these new-style revolutions? Clearly a policy has not yet been formulated. If the peace and unity of the hemisphere are to be preserved, Washington will have to find a way to encourage social reform, by financial and other means, and to live with occasionally irritating nationalisms. In that way the Communists can be fended off and with luck the hasty improvisations of a Castro can be avoided. This will be one of the biggest tasks facing United States statesmen in the next ten years.

Harry B. Murkland has worked on every kind of publication from daily newspapers to encyclopedias, and is the author of numerous magazine articles, including many for *Current History*. He has specialized in Latin American affairs for 15 years, serving as Latin American editor of *Newsweek* from 1944 to 1948 when he took over his present job. During World War II he served as political analyst in the Office of the Coordinator of Inter-American Affairs.

"Let us put nationalism in its place. Wherever it works for unity by superseding parochialism, it should be welcome. Wherever it acts as a force that walls in cultures and ideas, let us resolutely point out its shortcomings. . . .

"... Utopia, the land of abundance, cannot be limited to these United States. Latin America must be a partner in the great enterprise. The Western Hemisphere Idea will not succeed in leaving altogether the world of rhetoric until it is translated into meaningful human terms of freedom from want and from need. . . ."

—Dr. Arturo Morales Carrion, Under Secretary of State of the Commonwealth of Puerto Rico, in an address delivered September 30, 1959.



*Analyzing Brazil's economic and social problems and the forces shaping up the 1960 elections, this specialist affirms that "what Brazil needs in the next few years is not sympathy but tough thinking and enlightened understanding."*

## Brazil in an Election Year

By J. J. JOHNSON

*Professor of History, Stanford University*

**I**N LATIN America the new decade of the 1960's was greeted with noisy manifestations of stored-up frustrations and discontents. Nowhere, with the possible exception of Castro's Cuba, was the potential price of accumulated anxieties higher than in big, fast-growing, complex Brazil. With 3,288,000 square miles (larger than the United States excluding Alaska) the nation comprises half of the land mass of South America. With 68 million people—80 per cent of whom live within 200 miles of the coast—it claims half of the continent's total population. With supreme faith in the future—"Greatness is our destiny," the Brazilians say—but experiencing considerable difficulty in resolving its social, economic, and political problems, the nation suffers from a split personality.

Brazil-United States relations historically have been good to excellent, as the Southern republic has often "carried the ball" for the United States in Latin America. Because of this, perhaps, Brazil traditionally has had a sympathetic press in this country. Friendly scholars, reporters and public officials, when called upon to point out certain of the nation's weaknesses, often have done so almost apologetically. Such an attitude has produced some pretty shopworn phrases: "The immediate future is not bright but Brazil's long-range prospects are excellent." "Brazil's

progress is inevitable." "Brazil is a sleeping giant about to shake off its lethargy," to which the Argentines reply, "Yes, and it has been about to do so for a century and a half." The friendly disposition toward Brazil has contributed to a certain complacency, for it is a well-known fact that Brazilians, including some quality scholars, are quick to quote foreigners, including some ill-informed ones, whose thinking happens to coincide with their own. Brazil's friends may have done it a great disservice. There is nothing inevitable about Brazil's progress. Its problems are enormous, fast-growing, and complex like the nation itself. They dwarf the problems of countries like Mexico and Colombia.

This author believes that with its tremendous untapped wealth and abundant human resources Brazil has a future but it is a rather more distant one. He also believes that what Brazil needs in the next few years is not sympathy but tough thinking and enlightened understanding.

Brazil is in a hurry. It is determined to industrialize at any price because it recognizes that the prestige nations are technologically advanced. And Brazil is not content to remain a third or fourth-rate influence in the world. Any discussion of the nation's immediate and foreseeable problems must be predicated on these assumptions.

The republic was awakened to its industrial potential by Dictator-President Getulio Vargas, who took his own life in August, 1954, after dominating the Brazilian scene for a quarter of a century. The generally mild tyrant, who could be brutal, lifted Brazil from the depths of feudal agriculturalism and cast it headlong into the troubled times of modern, industrial capitalism. He was opposed every inch of the way by power-

John J. Johnson is Professor of History at Stanford University and a specialist on Latin American history. He is the author of *Political Change in Latin America: The Emergence of the Middle Sectors* (Stanford University Press, 1958).



ful social-economic elements who had their heels firmly implanted in the nineteenth century.

Vargas bequeathed Brazil a new way of life but his political opportunism dictated that he should not seriously grapple with the social-political issues his "New State" raised. The consistent failure of his successor in office, incumbent President Kubitschek, to deal realistically with the Vargas social-political inheritance may also, in large part, be laid at the door of political expediency. Majority elements within the Brazilian leadership since 1955 have not only been content to see social and political change lag behind economic change but in certain respects have permitted the gap to widen.

### A Society in Conflict

What were the social inheritances from the Vargas Era? Conditions were deplorable in most rural areas where a primitive agricultural society was dominated by a relatively few landowners. The "forced" expansion of industry brought a flood of jobseekers from the northeastern drought area and the "hoe country" to the cities in search of more remunerative employment and greater variety in life. The flood continues. Booming São Paulo and over-crowded Rio de Janeiro have borne the brunt of the invasion.

Social inequities have been spotlighted in the festering, mushrooming cities. The unskilled and uneducated by the hundreds of thousands live in squalor. Thirty per cent of Recife's population dwells in squatter shacks; 10 per cent of Rio's population lives this way. Ragged, unkempt children and shiny Cadillacs invite invidious comparisons. The struggling masses have not yet learned of the advantages to themselves of responsible government. When neglected by the ruling elements they have often turned to irresponsible demagogues for leadership.

Hundreds of thousands of the new urban residents are Negroes and mulattoes. Their reception has raised a vital question: "Are Brazilians really color blind?" There is a growing body of evidence which suggests that they are not. The Negroes and mulattoes, more than at any time since the abolition of slavery in 1888, feel that they are being discriminated against; that Brazil is a white man's country. They are joining organiza-

tions that stress Africanism rather than Brazilianism. What if an ugly race issue should be added to Brazil's myriad problems of the 1960's?

The family as a social institution that historically has been a pervading and stabilizing influence in Brazilian culture is now under heavy pressures in the cities. Cinemas, clubs, labor unions and political parties increasingly compete for the leisure time of family members. Galloping inflation is forcing women from middle class families to seek employment outside the home. Rising real estate prices and a tendency to permit residential districts to deteriorate rather rapidly have combined to lower the quality of the homes that all but the upper classes and a fortunate few within the middle classes must occupy. The forces working against a strong family tradition will be greater in the 1960's than those supporting it.

Education was to be a cornerstone of Vargas' Brazil. The dictator did much more for public education than was done in the 100 years before him. President Kubitschek has carried on. School buildings have sprung up; some at country crossroads but mainly in the cities. More and better teachers have been trained. But the obstacles that remain are staggering. Forty-five per cent of the school-age population is still illiterate. In certain of the northern states illiteracy is almost certainly on the increase. Only about 10 per cent of the school-age population has had more than three years of academic training. Millions of dollars have been poured into higher education but the nation suffers from a dangerous lack of [theoretical] scientists, medical doctors, engineers, technicians, economists and statisticians. On the other hand political theorists are in oversupply. The nation's educational needs will grow between 1960 and 1970.

Brazil continues to be overwhelmed by its sick and undernourished. The hungry and the lame are everywhere. They serve as constant reminders of the job still to be done in social rehabilitation. In vast areas of the republic diets are deficient in protein. There are too many pot-bellied children. Doctors cannot spread themselves thin enough to administer to all who urgently need medical care. Nurses are in short supply. Their level of training is shockingly low.

Despite dietary and public health inadequacies the death rate is dropping. The lives that are being spared contribute to Brazil's problem of population growth, one of the highest percentage-wise (2.6 per cent) in the western world. The nation is adding to its total population at the rate of 180 per hour. It anticipates a population of one hundred million by 1975; that means a lot of new mouths to feed, a lot of new minds to train, and a lot of new hands to place in profitable employment. Brazil must race ahead rapidly on many fronts to keep ahead of the fires Vargas lighted.

### The Economics of Progress

When President Kubitschek took office in 1955 he promised "fifty years of progress in five." The promise was pregnant with meaning. It recognized the advances necessary if Brazil is to achieve what Brazilians believe is their "rightful place in the society of western nations." Of more immediate consequence, it was tantamount to a huge gamble that industry would create a viable economy before the popular masses erupted against the cost of economic change. And the cost has been great. Between 1956 and 1958 the cost of living rose at an average rate of 2 per cent a month. In 1959 the cost of living jumped over 50 per cent and food prices rose 70 per cent.

Not just industry but heavy industry was made the symbol of progress by President Kubitschek. Iron and steel plants with belching smoke stacks were given precedent over consumer goods industries. Such production reached 1.6 million tons in 1958. The 1965 goal is 4 million tons. United States, French, German, and Italian automobile companies were induced to establish branches in Brazil or expand the holdings they had there. This year production is expected to surpass 125,000 units and Brazil will become the world's eighth largest automobile producer. Appliances, radios, refrigerators, electric irons are turned out in volume. Companies engaged in production of chemicals and fertilizers are flourishing. The central government has invested millions of dollars in transportation and power, both of which are absolutely basic to further industrial development. Vargas had conditioned the Brazilian public to state inter-

vention in the economic sphere. President Kubitschek has carried on from where Vargas left off. It is no exaggeration to say that as of today the Brazilian government is charged with the burden of creating economic incentive.

The five years that President Kubitschek spoke of when he took office are running out. The advances made under his program have been real. In his terms Brazil will probably have registered 20 to 25 of the 50 years of progress he promised. This represents a considerable achievement.

It appears that President Kubitschek will achieve his goal in petroleum production. Average daily production of crude increased from an average of 2719 barrels in 1954 to 67,000 barrels in 1958, and the December, 1960, goal is 100,000 barrels. In 1954 only four per cent of the petroleum consumed in Brazil was refined within the country; in 1958, 60 per cent. It is expected that by 1961 nearly all petroleum consumed will be refined within the country and that the republic will be producing over 35 per cent of its crude requirements.

But Brazil's economic needs and its economic aspirations continue to outrun its capabilities in most areas. In spite of the remarkable gains made in the petroleum industry, petroleum imports will cost Brazil over \$300 million this year or an estimated 25 per cent of its foreign exchange earnings. Thus the total effect has been to keep foreign exchange expenditures relatively constant in the face of greatly increased consumption of petroleum products.

During the past decade agricultural production did not keep pace with population growth. The country remains a net importer of basic foodstuffs, notably wheat which ordinarily comes from Argentina and the United States. The caloric intake of the increasing population was maintained by shifting production from export crops to those for local consumption. Figures show that in many areas farm workers were only one-ninth as productive as factory workers. In the face of these unfavorable circumstances, agriculture, for the most part, remained a blind spot in official eyes.

President Kubitschek's economic program has made little or no headway towards diversifying Brazil's exports. The republic is

today as dependent upon coffee for its foreign exchange earnings as it was a quarter of a century ago. It might be said that at the moment "coffee is a drug on the market." Warehouses are bulging with coffee beans, but planting of coffee trees goes on. At the end of 1959 the price of Brazilian coffee dropped to within one per cent per pound of a ten-year low.

President Kubitschek has refused to permit the coffee crisis to deter him from his development program. He has sought loans wherever he could find them to keep his insatiable industrial monster from starvation. When he has been rebuffed by lenders who are wary of Brazil's ability to carry any further indebtedness he has threatened "to go it alone" and has shown increased receptivity to expanding economic relations with iron curtain countries. Last year he abandoned loan negotiations with the U.S. that involved commitment to an austerity program. The harassed president did not ask for proof that austerity would resolve his problems but he might have in view the generally unsatisfactory results to date of similar programs. Meanwhile, the federal deficit rises as economic expansion is financed with easy money. Total deficit spending since 1955 exceeds all deficit spending in the nation's history to 1955. But the Brazilians argue with some justification that to slow down the pace of expansion would be to hesitate in midstream. Much of their investment would be swept away.

The industrial boom conceals an otherwise immature and inefficient economic plant. Per capita share of national income will probably remain below \$110 this year; hardly a level of earning to maintain an industrial boom. The production and distribution of soft goods are often costly. Most industrial entrepreneurs think in nineteenth century terms. They expect a minimum of 30 per cent annually on their investments. Some get 100 per cent and even more. Banks gladly pay 8 per cent and up on savings, but the value of the national currency depreciates faster than that. The *cruzeiro* fell from 20 per dollar in 1950 to 220 by late 1959. The presses making unsecured money are running hot.

Municipal governments including Rio de Janeiro, without funds to pay the salaries of

their employees, ended 1959 with urgent appeals to the central government for assistance. At the same time the government of the state of São Paulo requested that federal troops stand by because of insubordination by the state militia which was demanding higher wages. All this seemingly meant still hotter presses and cheaper money. The temper of commercial and industrial workers boiled as the year 1959 drew to a close in a wave of strikes, one of which forced the Brazilian navy to take over operation of the merchant marine and threatened the entire transportation system. Riots were frequent and widespread. Omnipresent inflation must be the first concern of the new administration that will take office early in 1961, barring unforeseen developments.

### Politics: the Process and Prospects

This is a presidential election year in Brazil. Elections are free there, and excitement has been generated by the fact that the incumbent administration (the president is not eligible for reelection) has suffered repeated defeats in congressional and local elections since 1958. Irate voters in São Paulo last year showed their disgust with both the administration and the opposition by electing a soulful-eyed female rhinoceros named "Weakling" to the City Council, but it was ruled that she could not be seated. Elections will not be held until October 3 but presidential campaigning has been going on for a year. Until the final victor is known, there will be little time for any other serious business.

The winner will have been at one time or another a nationalist, internationalist, economist, humanitarian, and reformer (down with dishonesty and corruption). He will have been a friend and protector of laborers, agriculturists, industrialists, and bureaucrats. He probably will *not* have affronted either the Communists or the military. He will have offered simple answers to highly complex problems. From a distance of five thousand miles the campaign will appear pretty ridiculous at times. Being all things to all men is a requirement of presidential candidates in Brazil for the four very good reasons that follow.

I. The electorate in Brazil is big and, in general, ill-informed on vital issues. The

number of eligible voters multiplied ten times between 1930 and 1955, reaching about 16 million in the latter year. About 8 million voted when Vargas was elected in 1950. Nearly 10 million went to the polls five years later. Given the interest in this year's election, it will not be surprising if balloting reaches 13 million. If it should, it would mean that as many as 4 million will vote for the first time. The winning candidate probably will have to receive in excess of five million votes, a far cry from the pre-1930 era when 400,000 votes could win for a presidential candidate. Although Brazil is only about 35 per cent urban, residents of cities, where the vote is the most difficult to control, will cast between 42 and 50 per cent of the total. These are people who vote their pocketbooks. Broadening the political base by bringing workers into the political arena must be considered a democratic achievement but there is no denying that it has encouraged the widespread use of political gambits. Democratic voters everywhere have a "right" to be fooled; the Brazilian voters are no exception.

II. Brazil operates under a multi-party system. At any given time there are about a dozen organizations capable of winning seats in the National Congress. At the end of 1959 ten different parties held at least five seats in that body. Five parties formed the ruling coalition. The political balance is almost always so finely drawn that any untoward incident may bring a collapse of a coalition. All existing political parties were organized after the fall of the Vargas dictatorship in 1945, although some claim ideological descent from earlier parties. Only three or four of the parties are truly national in scope. The others represent personal ambitions and regional interests.

All legal parties but one (*Integralista*) are pragmatic in that they are more interested in commanding votes than in shaping minds. They make no major ideological demands on their membership. Each party appeals to all social sectors. The largest one (Social Democratic Party) which has shared power at the national level since 1945 is traditionally supported by the army, the church, and the rural and industrial "élites"; but its voting strength comes from the rural working elements. The principal opposition

party (National Democratic Union), although generally considered to be more conservative than the Social Democratic Party, appeals to the same groups and its voting strength is also rural. The Brazilian Labor Party is headed by landowners of the south and its voting strength is in Rio de Janeiro and Rio Grande do Sul rather than in industrially developed São Paulo.

Under such conditions neither the voters nor the professional politicians have developed a sense of loyalty to party. Flip flops of allegiance to suit personal interests are commonplace. Even a union of the two leading parties must not be considered outside the realm of possibility before elections are held this fall. It is safe to predict that existing coalitions will collapse and new ones will be formed before the incoming administration can function.

III. Brazilians take pride in bigness. They have a big Communist Party (estimated at 50,000 compared to Argentina's which has 80,000 members) but the numerically smaller Chilean Communist Party probably exercises more political influence. The Brazilian Communist Party was outlawed in 1947. It has not, however, been seriously harassed. It is above ground about as fully as an underground organization could possibly be. It has elected its members to office at the local, state, and national levels by placing them on the tickets of legal parties, including the Brazilian Labor Party. Outcomes of recent congressional and local elections seem to establish that anti-Communists candidates can win in what are considered to be Communist strongholds.

It is unlikely, nonetheless, that many politicians will have the fortitude to offend the Communists in the months of campaigning that lie ahead. This presumed reticence to anger the Communists when coupled with the play that will be made for the extreme nationalist vote gives every promise of a mounting wave of anti-U.S. fulminations which will place added strains on United States-Brazilian relations that have been deteriorating for the past several months.

IV. Between now and fall the politicians will have their antennas directed to pick up the utterances of senior officers of the Brazilian armed forces. The *políticos* know well that the men in uniform have had a pro-



found influence upon the Brazilian political process. Were Vargas alive he would vouch for the political impact of the "Military Statesmen." They permitted him to assume power in 1930. Fifteen years later they ousted him. In 1950, the armed forces set the terms under which he was allowed to return to the presidency and when he was unable to rule under those terms they were prepared to force him from office when he took his own life. Operating from behind the scenes since 1955 and from there buttressing civilian authorities as required, during the current wave of antimilitarism in Latin America, the Brazilian armed services have not surrendered a jot of their ability to influence political decision making. One very important reason for this is that the Brazilian armed forces have been right at least as often as the politicians. Probably the safest prediction that can be made for the year ahead is that the president who takes office early in 1961 will have made himself acceptable to the armed forces.

### Phobias of the Military

Officers of the Brazilian military have two phobias that, in particular, bear on the current situation. One results from a deep distrust of labor. The other derives from a profound faith in nationalism. Their current aversion to labor dates from the courtship days of the Dictator and the workers during the late 1930's. The continuing concern of the officers has been that the laboring classes may achieve sufficient political influence to revolutionize social and economic life. When the armed forces have become alarmed, as for example, over Vargas' demagogic appeals to the lower classes in 1954, they have not hesitated to interfere with the normal constitutional process.

Nationalism has been raised to the level of a political ideology in Brazil and its hard core resides in the armed forces. Nationalist thinking has become institutionalized in the orientation of the advanced training schools attended by the military and in the many state economic enterprises headed by armed forces officers. It must be presumed that in the immediate future powerful armed forces officers will glorify a narrow and perverted nationalism. By staunchly supporting the

"slogans of a sensitive political dignity" they will associate themselves with "civilian elements" in the "swelling resentment against the exactions of economic imperialism." Eventually nationalism could conceivably become a reactor fusing the military and labor in a hard-to-beat political amalgam.

Nationalism will be a key issue in the presidential campaign, the outcome of which must be considered "a toss-up" at this time. It appears certain that Jânio Quadros and Marshal Henrique Lott will be the two serious candidates, although São Paulo mayor Adhemar de Barros, and the Fascist, Plínio Salgado, will add confusion to the picture.

### Candidates and Parties

Jânio is a maverick without any firm party orientation. He is a demagogue who has had a very effective appeal to the crowd as a reformer. He is a strong nationalist, who has made the pilgrimage to Moscow, but who is in no sense a Communist.

Lott is a professional soldier and was the principal figure in the 1955 "counter coup" which had the effect of assuring President Kubitschek's inauguration. He has been the strong man in Kubitschek's cabinet. Like Jânio, he is a strong nationalist.

Incumbent Vice-President Jango Goulart, who is vying with Fernando Ferrari for control of the Labor Party, will probably run again as vice-presidential candidate with Lott. Ferrari, who has come out for agrarian reform, wants the vice-presidency and is acceptable to Jânio but apparently not to the U.D.N. party, whose support Jânio probably must have.

In sum, the 1960 presidential race pits the personality—Jânio—against a political machine that has been in power since 1930. If Jânio wins it could also be interpreted as a victory of the urban electorate over the rural areas. Such a development could be expected to cause the most serious shake-up in the alignment of the parties since 1946. To a lesser extent the question of *civilismo* vs. *militarismo* will be involved. In view of the swing away from the military elsewhere in Latin America the military issue gives added significance to the election. No matter who wins, it is expected that the military will let him take office.

*Describing the "most blatant terror in the Americas," this author outlines the achievements and the savagery of the Trujillo dictatorship. What can the United States do about it? Not much, remembering "the mournful ineptness of our armed excursions into Haiti, the Dominican Republic and Nicaragua." An excellent analysis of the . . .*

## Scandal of the Caribbean: The Dominican Republic

By HUBERT HERRING

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**T**HERE are various sad spots on the Latin American map; Bolivia, starving on the roof of the world; Paraguay with its bitter poor suffering under an insane dictatorship; Panama, where a handful of agitators betray both their own people, and the United States—but saddest of all is the Dominican Republic, goaded by the most savage dictatorship in all Latin America.

And yet this vast pocket satrapy called the Dominican Republic turns a smiling face towards the world. Its capital city of Santo Domingo (temporarily called Ciudad Trujillo) founded by Columbus' brother Bartolome in 1496, seat of the first cabildo and the first bishopric in America, glistens in the sunshine: lavish public buildings, hotels, parks and boulevards convey a sense of well being and prosperity. The natural domain of some 18,000 square miles is rich and productive, with arable land reckoned at about 14 per cent, pasture lands at 12 per cent, forest at 71 per cent. The output of sugar, coffee

and cacao (together accounting for about 85 per cent of the annual current exports worth about \$100 million) makes possible escape from foreign debt, provides funds for public works, well-advertised schools, hospitals and clinics, and leaves a handsome margin for the speculations of the dictator and his numerous relatives and friends. The 2,700,000 Dominicans (more than 80 per cent Negroes and Mulattoes) indubitably fare better than their Haitian neighbors, and probably better than the 6,000,000 Cubans, currently subject to redemption at the uncertain hands of bearded Fidel Castro.

And over this pleasant land presides Generalissimo Rafael Leonidas Trujillo Molina, who, if the Lord spares him, will enter upon the thirtieth year of his undisputed reign next August. Modestly wearing the title "Benefactor of the Fatherland"—invariably affixed to all official documents—he has brought his people a long way since he seized power in 1930. When he took over the nation, it was struggling with debts of some \$32 million owing to Europe and the United States, agriculture was stagnant, and industry nonexistent. Today the nation is theoretically out of debt, and producing a national income of about a half-billion dollars. And Dominican statisticians proudly boast that the per capita annual income of their citizens is \$203 or more (compared with a figure of about \$70 for the neighboring Haitians.)

The Dominican Republic also fairly takes satisfaction in the growing diversity of its economy. The growing and processing of

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sugar cane overshadows all the economy; in 1955, the sugar industry accounted for \$134.4 million out of \$201.5 million invested in the entire national economy, its operations provided about two-thirds of all wages and salaries in industry and its employees were about five-sevenths of the 71,000 industrial workers.

Nevertheless, there has been a healthy diversification. There has been a slow increase in coffee production, making that commodity second to sugar in sales abroad, cacao, third in importance, has lost ground during recent years. Tobacco, poor in quality, has a limited market. Bananas, valued at almost \$2 million in 1956, go chiefly to the United States. The livestock industry, long dependent upon cattle, hogs and sheep of poor quality, is now being strengthened by the importation of better quality animals for breeding. There have been some gains in mineral production; large salt deposits yield steady profit; there are substantive reserves of iron and aluminum although exploitation has so far been slight. The sizable forests are meeting the domestic demand for lumber, with a small excess for export. There has also been steady increase in industrial activity, including food and beverage processing plants, cigar and cigarette making, textiles, clothing, footwear, furniture, cement plants, leather goods.

#### Economic Progress

Progress, substantial and well advertised, has been made along many lines. There is hopeful development of hydroelectric power: although the figure (1957) was only 57,000 kw, plans are under way for a large increase by 1965. Communications are being improved, especially highways. Ocean shipping shows hopeful increase; there are eleven seaports of which the best is that of Santo Domingo (*Ciudad Trujillo*). The Trujillo government has acquitted itself well in the building of docks and harbor facilities. Air travel is increasingly important, and the national *Compania Dominicana de Aviacion* (jointly owned by Pan American airways and Dominican Capital) offers domestic service with some flights afield.

The financial structure of the Republic has enjoyed an increasingly favorable position under Trujillo. The Dominican peso stands at par with the American dollar. The

Central Bank, sole bank of issue, with a capital of only \$300,000, had assets of \$82,648,855 as of July 31, 1957. Until 1959, Dominicans — and Dictator Trujillo — had grounds for pride in the extraordinary stability of government finance.

There are various other aspects of Trujillo's rule which command respect. The Dominican Republic is one of the few countries in all Latin America where the water supply of chief cities is both abundant and pure. Also, some credit must be given for rather generous building of schools; although most of the best primary and secondary schools are in the cities where they can be admired by visitors. The ancient University — dating, it is claimed, from 1538 — has a handsome new University City, long on buildings, short on professors and books. And, further to the credit of Trujillo, excellent health campaigns against hookworm, yellow fever and malaria have had conspicuous success.

Trujillo has not been modest in telling the world of his feats in good housekeeping. Full page and costly advertisements in New York's chief newspapers have shouted the claims of the "Benefactor" to the American audience. And many of the claims of Trujillo are true.

But, with all the gifts bestowed upon his grateful people, liberty has not been granted. His government, boasts Trujillo, is "civil, republican, democratic, and representative." Only one political party, the *Partido Democratico*, is permitted to function; its candidates, from the president down to the least *alcalde*, are named by the Partido, i.e., by Trujillo himself, and "elected" with pleasant unanimity. The press, chiefly owned by Trujillo and his friends, is rigidly policed. Teachers in primary and secondary schools and in the universities are permitted no deviation from the official line. Textbooks, distributed free to boys and girls, carry the Trujillo brand of propaganda. No citizen is allowed to forget the name of the giver of all gifts.

At the latest count, there were 1,870 monuments to the "Benefactor" in the ancient city of Santo Domingo; no reckoning has been made of the monuments in towns and villages. Public buildings blaze with neon signs "God and Trujillo." A new hospital carries the slogan "only Trujillo

cures you." This is the most thorough and complete dictatorship left today in all Latin America, and takes its place in history with the despotism of Francia in Paraguay (1811-1842), with Porfirio Diaz in Mexico (1876-1911), with Juan Vicente Gomez in Venezuela (1908-1935). It is as savage as any of those: the critics of Trujillo are in torture chambers, dead, or in exile. Many of Trujillo's enemies in the United States, Mexico and the Caribbean have disappeared or been assassinated. The latest case was that of the Basque scholar, Jesus Galindez, whose disappearance in 1956 at the very steps of Columbia University has never been explained. An investigation by reputable New York lawyers, financed by Trujillo at a total cost of about a half-million dollars, simply reported that nothing had been proven against the "Benefactor." That verdict seems about the best thing that can be said for Trujillo.

### The Trujillos

The family dynasty established by Trujillo is the most impressive in all Latin American experience. Some 200 members of the Generalissimo's family hold the best jobs in the government. His brother Hector is the nominal president, but is under no delusions as to his actual powers. Son Rafael, Jr., in his early thirties, is commander of the armed forces.

But father Rafael, 60, holds all the lines of power in his competent hands. He has travelled far and fast since his boyhood as a poor telegraph operator. The American marines organized the National Guard during the United States occupation (1916-1924); young Trujillo became a captain in 1922, and emerged as a major when the marines were withdrawn in 1924. By 1928, he was Chief of Staff of the Army, and in 1930 he jailed the president, took over complete power and has held it ever since.

It has been a lucrative 30 years for the Benefactor and his kin: No certified public accountant's report is available as to the winnings of this nimble man. One gets a hint as to the solvency of the family from the recent experiences of Rafael, Jr., as a student in an American military academy where he attended classes fitfully and was finally flunked out by the school's authorities. But

it was a busy year for the young aspirant to the Dominican throne, including pleasant digressions in Hollywood where the young man made glad the hearts of sundry lovely stars of the screen by presents of fur coats and imported automobiles. Young Rafael managed to spend at least a million dollars on his year's education. When criticism mounted he countered with the assertion that he was simply spending money made by his father and family on the broad acres of sugar in the Dominican Republic. And when impolite American legislators remarked that the United States government was still pumping almost half a million dollars into sundry technical assistance programs for the island republic, his father the Generalissimo angrily announced that his government would accept no more subventures from the Washington treasury. This brave stand was cancelled within a few weeks.

Of course, young Rafael was correct in saying that his father could amply afford the luxury of such an enterprising wastrel. No one knows exactly how the Trujillo fortune adds up. One of the most respected of American newspaper men made a rough guess some months ago—and it was probably as accurate as any guess can be. Perhaps it is enough to report that the Trujillos control a fifth or more of Dominican sugar production: that they own two newspapers, a controlling share in a brewery, a milk pasturization plant, a large share of the national aviation company, a cement plant, the national arms factory, large tobacco businesses, a shoe factory which has a monopoly on all purchases by the armed forces, a virtual monopoly on television, large operations in lumbering and furniture making, and the chief local insurance company from which all government employees must buy their liability policies. The Trujillo family is definitely a going concern.

This fantastic "republic" and its tawdry rulers are today the chief anachronism in the overall picture of Latin America. One by one the chief despoilers have been toppled: Peron in Argentina, Rojas Pinilla in Colombia, Somoza in Nicaragua, Perez Jimenez in Venezuela, Batista in Cuba. But there is nothing new about the political misery of the Dominicans under Trujillo. Their record for over 100 years has been one



of unrelieved gloom. After 22 years of bestial exploitation by the Haitians, the Dominicans won freedom of a sort in 1844. Then followed four decades of abuse by two rival dictators, Pedro Santana and Buenaventura Baez, who repeatedly sought to deliver their little land into the safe keeping of some greater power. Spain actually reannexed the republic for four years (1861–1865). Repeated overtures to France, Spain, England and the United States brought no result. President Ulysses S. Grant almost succeeded in annexing the republic, but was blocked by senators who decried his folly. The most savage dictator of the nineteenth century was Ulises Heureaux (1882–1889) whose bestialities were so varied and thorough as to retard the country socially, morally, economically.

The accumulated debts and social woes were so great by the early twentieth century as to furnish material for justified and ineffective preachments by Theodore Roosevelt. The occupation by American marines (1916–1924) was the inevitable end product of the long process of decay. The American chapter in “Christianizing, civilizing, and reforming” the Dominicans yielded orderliness and limited improvement in education and social services, while arousing the feverish wrath of Dominican patriots who really worked for better days for their country. But the most tangible contribution of American marine rule to the Dominicans was the heroic figure of Rafael Trujillo. The Americans taught him how to shoot, and how to command men. He has been commanding and shooting ever since.

#### Washington's Policy

The official attitude of Washington towards the Trujillo regime has been one of pained acceptance and reluctant toleration. Visiting congressmen have applauded Trujillo for the order he has imposed with bayonets, and for his vociferous boast that “no known Communist survives in the Dominican Republic.” Needless to say that in the Trujillo lexicon, a Communist is any man who criticizes Trujillo. Meanwhile our ambassadors and other diplomats in the ancient city of Santo Domingo have moved warily, submitting to the insolent egotism of Trujillo, and have said no impolite word in re-

gard to the savageries committed by Trujillo's police.

Washington has extended generous loans and grants from time to time, and has thereby strengthened the Benefactor's hold upon his country, as well as furnishing funds from which the politicians could take their toll. Official dispatches from American presidents to the Dictator have been addressed to that “great and good friend” which is the approved salutation to heads of state.

All of this is written without criticism of the White House or the State Department. It would hardly be proper if official communiqués used the short ugly words which would more accurately describe the ruler of Santo Domingo.

It has been left to the hotheads of Mexico, Cuba, Central America and Venezuela to lead the attack upon the Trujillo terror. The “Caribbean Legion,” a shadowy organization of an unreckoned band of hundreds or thousands from all the Caribbean world has been carrying on an intermittent battle of words and bullets against all the region's dictators—Somoza, Perez Jimenez, Rojas Pinilla, Batista. Today the principal target is Trujillo. A little expeditionary force—chiefly from Cuba—actually landed on Dominican soil, and was mostly destroyed by Trujillo's troops.

There are rumors of other plots, and there will undoubtedly be more landings, and more bombings. It is difficult to describe these crusaders who are dedicated to ending the reign of Trujillo: the Benefactor describes them as Communists, and there are undoubtedly Communists among them, but one can hazard the guess that their ranks include a lot of young idealists convinced that they are embarked on a holy crusade. The picture is confused by the noisy incoherence of Fidel Castro who is angrily demanding faster fighter planes, despite Washington's objections, and whose chief target is undoubtedly Trujillo. There is much fighting ahead.

Meanwhile Generalissimo Trujillo is beset by new problems. Not from within: there is little evidence of any concerted opposition from the cowed ranks of Dominican subjects. The malcontents are chiefly exiles in other lands, and their leadership seems inept. But Trujillo must have more planes and guns,

*(Continued on page 164)*

Although "there are going to be moments when relations between Venezuela and the United States are not altogether smooth," this author is convinced that "there can be no doubt that Venezuela has made a change for the better."

# Venezuela: A New Era

By W. DONALD BEATTY

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**W**ITHIN the last 25 years, Venezuela has made the full circle twice from dictatorship to democracy. When Rómulo Gallegos was inaugurated in 1948 as president, succeeding the long dictatorship of Juan Vicente Gómez (1908–1935) and the semi-dictatorships which followed, the hope was expressed that at long last Venezuela was embarked on the road "of constitutional democratic government." Ten months later he was overthrown and exiled along with other leaders of his party.

A military clique led by Marcos Pérez Jiménez then established a dictatorship that lasted until 1958. During this period of nearly ten years, a handful of unscrupulous and selfish men dominated the country. The vast and dependable income from oil supported an extensive public works program; the country superficially was prosperous. Caracas was rebuilt as a modern city, a lavish officers' club was constructed, the railroad and highway networks were extended and power plants and steel mills were projected, yet the bulk of the six million residents of Venezuela were largely ignorant. Little attention was devoted during this era of lavish expenditure to the urgent problems of health, education, housing and food.

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A provisional government headed by Admiral Wolfgang Larrazábal succeeded the dictatorship of Marcos Pérez Jiménez. Following an orderly election in 1958, a novelty in Venezuela, a leader of the democratic movement which preceded the dictatorship of Jiménez took the oath of office. Of this new president, Rómulo Betancourt, great things are expected. There is reason for guarded optimism, but from the very beginning of his administration, there have been protests and opposition. After almost a year in office, four thousand unemployed (owing to a cut-back in the public works program) demonstrated before the Miraflores Palace in Caracas demanding work. Earlier in the week there were bombings in the capital, allegedly by opponents of the administration. (*Minneapolis Morning Tribune*, January 9, 1960, p. 22)

In Venezuela, as in many other nations of Latin America, dictatorship of some degree has been more the norm than democracy. Why political organization has taken this turn has never been exactly determined. There is substantial agreement that a few factors are of more consequence than others. These are: the cultural and political inheritance from Spain; the nature of the colonial system which Spain imposed on the inert and easily exploited Indian population; and the grave economic problems which each new nation encountered. (See Asher N. Christensen, "Government in Latin America," *Current History*, March, 1953, pp. 129–135.)

It is, unfortunately, a common mistake to think that all of the Latin American nations are alike; each has its own distinct characteristics. At the same time, there are similarities. These are social and economic stratifications, the privileged few and the

many "have-nots," suspicion of the United States, political immaturity, resentment of "colonialism," and the desire to industrialize.

Within the past 90 years Venezuela has had four dictators who enjoyed virtually absolute power. These were the vain, unscrupulous but at the same time able and competent Antonio Guzmán Blanco, 1870–1888; the dissolute and corrupt Cipriano Castro, 1899–1908, referred to by Theodore Roosevelt as that "unspeakably villainous little monkey"; the shrewd and ruthless Juan Vicente Gómez, 1908–1935, sometimes called the "tyrant of the Andes"; Marcos Pérez Jiménez, 1948–1958, now residing at Miami, Florida. For more than 60 of the last 90 years, Venezuela has had *caudillo* government. In the intervals between dictatorships, the governments were generally inept and not truly democratic.

At the death of Gómez, his position was inherited by those who had served him, although none were so powerful. General Eleazar López Contreras, former Minister of War, served as provisional and elected president, 1935 to 1941. During his administration a constituent assembly drafted a new constitution and a liberal labor code, and attacked the problems of health, education, and housing which Gómez had generally ignored. Port facilities were improved, the transportation network was expanded, and plans were made for a national university at Caracas.

A second Minister of War, General Isaias Medina Angarita, served as president from 1941 to 1945. During his administration, the program of his predecessor was continued. More highways were built, harbors were improved, the housing shortage was reduced, and efforts were made to improve the health of the nation. A significant step was taken to assure the government a more satisfactory income from oil production. This income was to be at least 50 per cent of the net profit. During World War II, Venezuela became a belligerent and prospered owing in part to the demands for petroleum.

Shortly before the president's term expired, a revolt occurred. In 1945, liberals, discontented younger army officers, those who resented the Gómez elements still in power, those who feared the establishment

of another dictatorship, and those who were dissatisfied with the slow pace of the reform joined forces to seize control of the government. Inflation was also a factor contributing to the discontent.

From this revolt there emerged two men, Rómulo Gallegos, a famous novelist, and Rómulo Betancourt, leaders of Acción Democrática, the strongest and most numerous of the opposition groups. With Betancourt as provisional president, a new constitution was drafted which was significant in its guarantees to the individual. Rómulo Gallegos was elected to be president in 1947 and took the oath of office in 1948.

Building to an extent upon the previous reform plans, the slogan of "sembrar el petróleo," "plowing the oil," was adopted. Assisted by the law of 1946 which guaranteed to the state 50 per cent of the net profits from the oil industry, the Betancourt and Gallegos governments set out to improve the country by assisting industry and agriculture and other phases of the economy. During the years 1945–1948, real progress was made. Then the counter revolution occurred, bringing to an abrupt end the brief experiment in democracy.

A military junta became the executive branch of the government. Foremost in this group was Marcos Pérez Jiménez, then a Lt. Colonel. The expenditure of oil revenues for public improvements continued while at the same time plans were made for an election. Marcos Pérez Jiménez attempted to give the appearance of one unwilling to continue in politics, saying that if called upon he would serve, but that he preferred a military career.

The election was postponed several times owing to public indifference. When held, it quickly became apparent that the opposition instead of the government party was going to win. The constituent assembly then invested itself with the authority to declare, early in 1953, that Marcos Pérez Jiménez should be president for five years. In this bald and illegal fashion a corrupt and ruthless dictatorship was launched.

With the oil wells from the three major producing fields yielding more than 2 million barrels of oil per day, and the yield from the iron fields increasing, together with the income from other taxes, the government was

able to continue and enlarge upon the public works program. The income from the oil fields alone provided the government with three million bolívares daily. (The bolívar is worth approximately \$.30). Oil alone provided about 70 per cent of the national income.

The budget for 1953-1954 was \$708,804,000. For the next annual period it was \$800 million. In this day of large budgets, the sum may not seem impressive, but it is a large sum for a state in Latin America, and especially for a nation of six million and an area one-and-one-half times the size of Texas. Of this area, less than one half is effectively occupied.

The major expenditures for 1954-1955 indicate that the funds were not spent with the welfare of all the people as an immediate consideration. Relatively little went for health, education and agriculture, although the majority of the Venezuelans are engaged in some aspect of agriculture on marginal and sub-marginal lands. The funds instead were expended as follows; \$85 million for highways and bridges although the super highways in many cases went through or bypassed villages without adequate schools, housing or sanitary facilities; \$67 million for housing in Caracas and Maracaibo, \$65 million for military installations, including a lavish officers' club, and only \$25 million for new schools.

Perhaps impressive to the foreigner were the roads, buildings, and industrial installations constructed during the 1950's. A chain of hotels appeared to accommodate the tourist who generally saw the apparently modern and prosperous cities and not the back country. The tourist found, incidentally, that Venezuela was not an inexpensive vacation area, for there was no exchange advantage for those with the United States dollar. Instead, the wealthy Venezuelan found that a holiday in New York was relatively cheap.

The visitor could marvel at the new Caracas-La Guaira super highway built at a cost of six million dollars per mile. This, it has been reported, will be paid for by tolls in a relatively short time. Caracas was converted from a modest town to a large city of more than a million people with buildings of modern design. In the center of the capi-

tal, there is a section which resembles Rockefeller Center in New York.

On the Caroní River, a branch of the Orinoco, and near the iron mining operations, a hydroelectric plant was started (completed in 1959). This plant with ample water power has the largest generator wheel in the world and is intended to supply power for the industrial area projected for the future. In this area, in addition to an estimated four billion tons of high grade iron and generous deposits of sulphur, manganese, and some coal, there are diamonds, gold, bauxite, titanium, lead and nickel. Here, near the location of the major steel-making ingredients, a steel mill was begun despite the warnings that it might not be practical because the steel could not be produced cheaply enough. Apparently the advice was sound, for as this is written, the steel mill appears to be having substantial difficulties.

Other physical improvements included 782 miles of new roads in 1954 and 747 miles in 1955. Plans were made for 7,000 additional miles in the next ten years. A significant roadway was the route between La Guaira and the Colombian border, a part of the Pan American system. The channel from Lake Maracaibo to the sea was dredged and completed in 1956 at a cost of 160,000,000 bolívares. The channel, nine miles long with a depth of 35 feet and a width of 600 to 1,000 feet, now permits 30,000 ton tankers with a capacity of 20,000 barrels to enter and leave the lake where most of the oil is produced instead of having to load cargo at the offshore islands. There is thus a considerable saving. Irrigation projects brought more land under cultivation so that Venezuela might produce more food for a growing population, and thus reduce imports. With the funds readily available, Venezuela was able to purchase the first electric computer in Latin America. Many other projects could be listed.

While these improvements were being made, the oil companies expanded their installations, building more refineries in particular. More areas were opened to drilling so that at the end of the Jiménez period, Venezuela was either producing or was capable of producing three million barrels of oil per day.



More iron was exported until Venezuela became the leading supplier of that ore to the United States. At the end of the dictatorship about 16 million tons of high grade ore were being exported from the two major producers, the Iron Mines Company of Venezuela (Bethlehem), and the Orinoco Mining Company (United States Steel). The latter has the larger reserves and production. There is another company in which United States investors have an interest; this is El Trueno, not yet in operation.

While the production of iron ore is significant and will doubtless increase, the income so far to the Venezuelan government has been relatively small. The tax levied on the companies is one per cent of the ore price at the mine. At this rate, the companies paid to the governments in 1958 only \$28.6 million in all taxes. There has very recently been a dispute about the taxes, the state contending that the ore value at the mine has been set too low, and that the state is entitled to more income. Mining operations employ relatively few people in proportion to the bulk of the product. Currently, about 4,000 are engaged in and about the iron mines.

New businesses came into the country encouraged in part by the order and stability imposed by the dictatorship and the apparent hospitality extended to the foreigner. Reports from the United States Department of Commerce also indicated that Venezuela was a desirable place to invest. Sears, Roebuck and Company planned to invest \$6 million in a chain of retail stores; auto assembly plants were erected, and branch factories were built including one for General Tire and Rubber Company. The Rockefeller's with their Basic Economy Corporation financed projects in scientific agriculture, livestock, and other productive operations.

Some trained observers, however, failed to be impressed with the program. Tad Szulc, writing for *The New York Times* in midsummer, 1957, concluded that the apparent prosperity was a facade. He asserted that money was being spent lavishly on eye-catching public works while education and agriculture were neglected. He noted that although many of the Venezuelans were improperly fed, only 4.3 per cent of the 1957-

1958 budget was spent on agriculture. Loans to farmers and cattle breeders, he found, had been almost eliminated. Meat production in 1956 amounted to less than two ounces daily per capita. At least one-half of the people were illiterate and 40 per cent of the children of school age did not attend school regularly, owing to the shortage of schools and teachers. He pointed an accusing finger at the allocation in the 1957-1958 budget for education—6.4 per cent.

Another criticism which has been made and probably should be emphasized concerned military expenditures. While a modest military establishment probably should be maintained to preserve order, there is little justification for further allocation of funds. Venezuela, especially with the guarantees of the Organization of American States, is in no danger of invasion. It does not nor should it have designs on the territories of neighboring powers. The military forces which Latin American states maintain would have little value in modern war. The equipment is generally obsolete. No one nation has an army, navy, or air force of real striking or even defensive power. The expenditures for military purposes should in all cases be enormously reduced.

Throughout the dictatorship charges were hurled from abroad, especially from those who had been forced to flee from the country, that those who dared to oppose or criticize the regime were imprisoned and were held without trial. Rómulo Betancourt charged from Panama, when Venezuela was the host to the Tenth Inter-American Conference, that there were at least 4,000 political prisoners.

It was also charged that there was no free labor movement in Venezuela, that labor leaders were jailed and held arbitrarily. The Inter-American Press Association maintained that there was no freedom of the press in Venezuela, that objective journalists were jailed, and that liberal newspapers were confiscated.

Even the church entered its complaints. On May 1, 1957, Archbishop Rafael Arias in his pastoral letter pointed to the ranks of the unemployed, the inadequate number of schools, and low wages which generally prevailed. Perhaps drawing a lesson from Perón's bout with the church in Argentina,

there was no direct retaliation against the Archbishop. A few issues of the church publication *La Religión* were instead confiscated.

Marcos Pérez Jiménez was not without supports abroad, however. He was able to maintain friendly relations with the neighboring strong man, General Rojas Pinilla in Colombia, with Alfredo Stroessner, the dictator of Paraguay, with the Somoza family in Nicaragua. When Perón with his alleged secretary, Isabel Martínez, arrived in Venezuela, he was hospitably received.

Even the United States withheld criticism. This attitude may have been correct, but it was hardly necessary to confer on Jiménez the Legion of Merit "for special meritorious conduct in the fulfillment of his high functions and anti-Communist attitudes." Neither was it necessary for Washington to receive with enthusiasm the hated Pedro Estrada, chief of the security police.<sup>1</sup>

As the year 1958 approached, marking the end of the five-year term to which Jiménez had been designated, thoughts turned to the problem of succession. Tension mounted as the newspapers were admonished to be careful in their comments and administration leaders began to speak of "controlled liberty." Political arrests became more numerous. *Time* magazine was banned for critical remarks. Finally it was announced that instead of an election there should be a plebiscite. The electoral statute of 1951 was ignored. The voters were to be given two cards to cast, one approving the conduct and achievements of the administration and the other to re-elect the president.

This announcement provoked demonstrations by students and faculty which were dispersed with tear gas. Criticism was quick and adverse from abroad as Chile, Argentina, Uruguay and Costa Rica voiced their protests.

Since the opposition leaders, Rómulo Gallegos, Rómulo Betancourt, Rafael Caldera and Jóvito Villalba, were abroad and were not permitted to enter the country to campaign, there was no obstacle to the re-election of Jiménez. In addition, there is reason to doubt that the votes cast were honestly counted. The president and his docile con-

gress were re-elected; the vote was 2,374,263 for the administration, 364,211 "no," and 184,995 abstentions. Shortly after this electoral farce (December, 1958), the president announced that "People may call it dictatorial, but my country is not ready for the kind of democracy that brings abuses" (January, 1958).

Whether the country was ready for democracy or not, the reaction was quick and decisive. A preliminary revolt of the air force was suppressed, but the opposition continued. The church expressed its disapproval of the government; an underground organization, the Patriotic Junta, was industriously at work, and a general strike was declared. The opposition spread from Caracas to other parts of the country. At 2 A.M., January 23, 1959, Marcos Pérez Jiménez resigned his office and departed for Miami where he purchased a mansion costing a reported \$400,000. Apparently he had made ample preparations.

Since his departure, a 3,000-page case has been prepared against him, charging murder, torture chambers and looting of the national treasury. With such prodigious sums being spent, it would be foolish and naïve to think that those who administered the finances did not line their pockets. Venezuela has requested extradition of the former president. Before that takes place, if ever, a long legal battle will be fought.

While the United States may be unhappy with its guest, and Venezuela may be severely critical of us, it must be remembered that he could not have entered the United States without a passport, issued in this case by the government which succeeded him. *Pravda*, as would be expected, concluded that the revolution was the people's reaction to years of exploitation by United States imperialists with Marcos Pérez Jiménez as their puppet. Madrid concluded that the revolution had been inspired by Communists.

A provisional government headed by Admiral Wolfgang Larrazábal succeeded the dictatorship. Quickly a brighter day dawned as officials of the displaced administration, accused of brutality and looting, were tried and punished. Property which had been acquired illegally was impounded. The curfew imposed by Jiménez when resistance started was rescinded. The former president

<sup>1</sup> The United States also accepted a statue of Simón Bolívar, a gift from Jiménez. Happily this gift was formally accepted after the director had been expelled from the country.

was stripped of his military rank of major general and was expelled from the army. The exiles began to return, including the leaders of the opposition political parties. Officials of the old government who had committed no crime but who were not trusted implicitly were sent out of the country on diplomatic missions.

Business was assured that the government subscribed to free enterprise and that there was no plan of expropriation. Public works projects which had not been completed were reviewed and some of the "fat" was pared off. It was discovered that Venezuela was in dire financial straits; a loan of \$289 million was negotiated with twenty banks in the United States and one in Canada and one in England. An increase in the government's share of the oil profits from 50 to 60 per cent provoked protests from some of the oil companies, and the president of the Creole Petroleum Company, the largest of the foreign producers, resigned. (Creole is a subsidiary of Standard Oil of New Jersey).

In preparation for the next election, the various political groups discussed the advisability of a coalition candidate. This suggestion was rejected in favor of a regular campaign which was won handily by Rómulo Betancourt, the candidate of the Democratic Action Party. This victory occasioned some surprises for it was felt that Admiral Larrazábal, heading the government party, would win easily. The campaign was restrained and dignified in keeping with a previous agreement that the successful candidate would form a coalition government. This pledge was fulfilled. There was little violence; only one death has been reported. When the ballots had been counted, the result was accepted as honest and final. Since the election, Admiral Larrazábal has been appointed to a post at the embassy in Chile.

The inauguration, February 14, 1959, was attended by representatives of all the nations of Latin America with the exception of Nicaragua and the Dominican Republic. The delegation from the United States was headed by Thomas E. Dewey and included George Meany, president of the American

Federation of Labor. In his inaugural address, the president advocated closer relations with the Organization of American States and the Western Hemisphere, advantageous relations with the United States but without "colonial submission or provocative effrontery." He also advocated improvement and diversification of Venezuelan industry and agriculture, preferential attention to petrochemical and iron industries, solution of housing, medical, educational, and unemployment problems, and cordial relations with the church. He announced too that his administration would have no dealings with the Communists.

From abroad came optimistic statements. The *New York Herald Tribune* commented "that the inauguration of Romulo Betancourt as President of Venezuela is the beginning of a new era of liberty for that country." There can be no doubt that Venezuela has made a change for the better. Despite the Nixon incident (May, 1958), relations between the United States and Venezuela must continue to be close. Venezuela provides for us a potential billion dollar market. We are Venezuela's outlet for oil and iron, and it is well for us to remember that our own iron resources are being depleted. Our own oil resources are not inexhaustible.

Without any question there are going to be moments when relations are not altogether smooth. When we, in response to pressure by the coal lobby and the protests of domestic oil producers, restrict the importation of fuel oil, Venezuela can threaten restriction of the importation of goods from the United States. Venezuela can also raise its voice in protest at being forgotten by the United States while we make heavy contributions to strategic areas in Europe, Asia and the Middle East. But as Professor J. Fred Rippy has demonstrated, Latin America has not been forgotten by the United States, for the nations to the south of us have fared very well when compared to other non-strategic areas.

Because the United States now occupies such a powerful position, we must expect criticism from abroad and accept it just as Great Britain has in the past. At least we can share with Venezuela our antipathy for the masters of the Dominican Republic.<sup>2</sup>

<sup>2</sup> Indebtedness is expressed to *Hispanic American Report* for much of the material contained in this account.

*As this author sees Mexico's problem, "Maintenance of Mexican political stability will rest squarely on the responsiveness of the political leadership to the needs of basic elements in the population and on a concerted effort to resolve the poverty which still exists in the country."*

# Mexico: Golden Anniversary of the Revolution

By STANLEY ROBERT ROSS

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## I

THE FALL of 1960 will mark the one hundred and fiftieth anniversary of the Mexican independence movement and the fiftieth anniversary of the beginning of the Mexican Revolution. The former resulted in political separation from Spain and the European born Spanish government official was replaced by the Creole, the element of European extraction born in America. However, the colonial-type economy remained and the underlying social structure was little disturbed.

A century later, in November, 1910, the Mexican Revolution erupted, beginning as a political movement intent upon destroying the rule of Porfirio Díaz which had lasted almost three decades. Responding to underlying but largely inarticulate necessities, the Mexican Revolution emerged as a full-scale assault on existing institutional patterns, so-

cial and economic as well as political. The system of large estates, the role of the Catholic Church and the privileged position of the foreign capitalist were attacked. A sweeping agrarian reform was effected, educational progress was emphasized, and the long neglected Indian population became the object of interest and concern. The Mexican state was strengthened immeasurably, receiving new bases of popular support in the *ejidos* (communal, landholding villages) and labor unions.

Today most observers would concede the psychological benefits of the Revolution. The Mexicans have discovered themselves as people and evidence a resultant pride and confidence. Regarding the basic economic and political tenets of the Revolution, there appears to be almost general agreement that the implementation of these has been defective and incomplete. The physical limitations of Mexican agriculture in the face of a rapidly expanding population, reinforced by experiences resulting from depression and international war and colored by economic nationalism, brought a shift in emphasis from agrarianism to industrialization. Facilitated by United States technical assistance and war-swollen exchange credits, this new direction, with some variations and modifications, has been emphasized over the past two decades.

Although one can discover the historical roots of economic diversification in the Díaz era as well as antecedents in the late 1920's and 1930's, it is to be doubted whether this development represents a defined objective

Stanley R. Ross recently spent 15 months in Mexico preparing a critical guide to the historical materials on the Mexican Revolution contained in Mexican newspapers and periodicals. Preparation of this multi-volume work, to be published by El Colegio de Mexico, was sponsored by the Rockefeller Institute. Stanley Ross is also author of the biography, *Francisco I. Madero, Apostle of Mexican Democracy* (Columbia University Press, 1955).



of the historical process known as the Mexican Revolution. Nevertheless, leading Mexican economists contend that the tendencies of the past twenty years represent an evolving movement and should result in general economic betterment.

The emphasis on industrialization has been accompanied by other fundamental developments including the trend toward urbanization and the emergence of a middle class whose interests the government favored and whose support it sought and received. In contrast with earlier periods, though not without some antecedents, the government tended increasingly to side with capital as opposed to labor. The Mexican labor movement experienced a progressive weakening of its power and influence. In the field of agriculture, efforts to promote diversification and production were emphasized while the area affected by agrarian reform was progressively reduced. There was a conscious effort to reconcile the enemies of the Revolution, including the Church and the foreign investor. Lastly, in the political sphere the noteworthy development has been the peaceful transferral of power from one civilian administration to another.

## II

Since 1940 Mexico has recorded remarkable progress. Today she boasts of a diversified industrial complex producing a wide range of consumer and production items. Since 1952 there has been a conscientious effort to introduce order and balance into the expanding economy. This has been accomplished by a slowing down of the rate of industrial growth, by renewed emphasis on agriculture, and by efforts directed at the development of the domestic market.

During the Ruiz Cortines administration (1952-1958), industrial production averaged an annual increase of eight per cent. The amount of electrical power generated doubled, while a similar increase was noted in the production of petroleum products. During the same period the gross investment in agriculture increased more rapidly than the gross investment in the economy as a whole. Agricultural production showed an average annual increase of six per cent. Only mining failed to keep pace with other sectors of the economy. However, while the mining

of precious metals and of certain non-ferrous metals like zinc, copper and lead remained the same or declined, the production of other non-ferrous metals and of iron, carbon and sulphur underwent significant expansion.

The administration created centers for the development of heavy industry, expanded and multiplied the regional valley development programs and moved toward an integrated nation through the construction of an extensive network of roads. In agriculture the small property shared attention with the *ejidos*, and the goal was increased productivity through diversification, conservation, irrigation and scientific agriculture. The economic well-being of the rural population was to be furthered through education, credit, stabilized prices, crop insurance, electrification, and industrial use of agricultural products. By 1958 40 per cent of Mexico's agricultural production was providing raw materials for industry, and agricultural exports were bringing in significant amounts of foreign exchange.

Cotton became the leading crop in value and in export, with Mexico becoming the world's second largest exporter of the product. Similarly, doubling of the coffee crop has made Mexico the third largest producer in Latin America. Increases in the production of corn and wheat as well as of other food products made it possible for Mexico to produce more than 95 per cent of its domestic food requirements.

The present executive, Adolfo López Mateos, has repeatedly affirmed the "immovable revolutionary posture" of his administration. During his campaign he struck a popular note when he declared that there would not be one step backward in the nation's ownership of petroleum resources. During the past year agrarian reform was revitalized with the expropriation and redistribution of several large estates.

However, there also has been talk about renovating the methods and proceedings of the Revolution in order better to achieve its ends. The evolving program continues to seek the goal of balanced economic development, centering on an expanding industrial complex. The convocation of Economic and Social Planning Councils emphasized that the continuing commitment to industrialization would be on a planned and

orderly basis. This was underlined further by the creation of a new Secretariat of the Presidency responsible for the planning, coordination and vigilance of federal spending.

In his first annual message López Mateos was able to report that the physical volume of industrial production has risen seven per cent, petroleum production by 9.2 per cent, and the generation of electricity by 7.7 per cent. Only mineral production remained stationary. The estimated corn crop was above national consumption, while the wheat harvest not only satisfied domestic needs, but would permit Mexico for the first time to become an exporter of the grain. The rural program of the new administration concentrated on rectifying past abuses and deficiencies, improving production, saving lands exhausted by erosion and colonizing rural families in new regions, and improving educational and credit facilities.

The economic progress of Mexico has been impressive. However, much remains to be done if the standard of living of the rapidly expanding Mexican population is to continue to rise. Industrialization has accelerated the urbanization of Mexico creating a whole series of social and economic problems which must be faced.

### III

While progress in politics has not been so striking as in the economic and social life of the nation, there have been some tangible gains. Not only has political life been quite peaceful, but the election of three successive civilians as president represents, perhaps, the subordination of the military to civilian control. The practice of not allowing the president to serve two successive terms together with the gradual transfer of sanctity from the man to the office have tended to reduce somewhat the traditional personalism of Mexican politics.

However, it is difficult to reconcile the 30-year monopoly of the Party of Institutional Revolution (P.R.I.) with the democratic promise of the Revolution. The opposition parties, apart from their negligible prospects of success, have not and will not in the foreseeable future offer an outlet for meaningful dissent. None appears capable of organizing and maintaining political power.

In 1952, spurred by evidence of economic

and political discontent, three opposition groups united behind a single candidate, General Miguel Henríquez Guzmán. This unity had disappeared long before the 1958 campaign was under way. Leading *henriquistas*, the Nationalist Party of Mexico (P.N.M.) and the Authentic Party of the Mexican Revolution (P.A.R.M.) all endorsed the candidate of the official party. The Communist Party, unable to obtain the 75 thousand signatures required for a place on the ballot, sought write-in votes by designating Miguel Mandoza López, elderly Socialist and avowed Catholic. The Popular Party (P.P.) rejected a proposed coalition of the Left opposed by Communist leader Dionisio Encino. Although a move to endorse López Mateos failed, the Popular Party did instruct its members to vote for the administration candidate.

Only the conservative Party of National Action (P.A.N.) entered the presidential contest, nominating youthful Luis H. Alvarez, who was little known nationally. Alvarez conducted an extensive campaign, but limited himself to exaggerated criticisms of the government and an enumeration of national problems. Ironically the opposition party, identified as opposed to the Revolution, accused the P.R.I. of having perverted the Mexican Revolution!

Policy modification or reorientation, if it is to come at all, must come from within the revolutionary family and particularly from within the revolutionary party. In the 1958 selection of the P.R.I. candidate there were evidences of a factional tug-of-war among the supporters of two former presidents (Lázaro Cárdenas and Miguel Alemán) and of the incumbent Adolfo Ruiz Cortines. The rivalry, which had ideological as well as factional overtones, permitted the President to designate his own choice.

Adolfo López Mateos was a most attractive selection. A personable politician, experienced administrator and former academician, Don Adolfo had served as Secretary of Labor in the Ruiz Cortines administration. Business, labor, agrarian and bureaucratic groups flocked to his support. For the first time a candidate received the almost general endorsement of the intellectual community. With women voting for the first time in a national election, records for registration and

voting were broken as López Mateos won a lopsided victory.

Nevertheless, there were warnings before and after the election. The Revolution had reshaped Mexican society by channeling vested interests through institutional groupings. The give and take of these groupings within the sectors (peasants, workers, and popular) of the official party have represented the best claim of Mexico to a democratic regime. Since Mexicans consider it proper to vote for the party identified with the ideals of the Revolution, the P.R.I. has become complacent, more preoccupied with organizing elections than with formulating programs. Direct consultations with outside commercial and industrial groups and the development of a policy making bureaucracy functioning through administrative leaders foreshadow further decline of the official party as the catalyst of government policy.

There is reason to question whether the labor and agrarian elements within the P.R.I. currently represent the needs and aspirations of their respective groups. Rank and file impatience with the indifference of leadership has been accentuated by economic dissatisfaction. The economic progress of the past two decades has brought a widening of the gulf between the upper and lower elements of Mexican society. Labor, whether urban or rural, has not shared proportionately in the new wealth created. Earlier gains are threatened by an inflationary spiral.

During the first five years of the Ruiz Cortines administration more than 60 thousand labor disputes had been resolved without a single major strike. However, in 1958 the image of industrial peace evaporated. Dissident labor movements appeared within and outside of the Confederación de Trabajadores Mexicanos (C.T.M.), challenging traditional leadership. Unquestionably, the industrial unrest was nurtured and exploited by Left-wing elements. Some observers linked the trouble to the transition period associated with the transfer of presidential power. However, the unrest, rooted principally in political-economic discontent, persisted through the initial year of the term of López Mateos.

An analogous development has occurred in the rural areas. Private lands have been invaded by *paracaidistas* (squatters). Here

too one might point to evidence of Leftist machinations or political manipulations, but the heart of the problem is the lack of land for a rapidly growing population. Neither migration to the cities nor to the United States has resolved the problem. Rural unemployment exists and rural slums are spreading.

There is evidence the executive recognizes the existence of discontent and the dangers which it might foreshadow. Budgetary policy has been reshaped to achieve equilibrium of the public sector through price controls, increased minimum wages, and expanded social services. Preoccupation with education is demonstrated by the assignment of 17 per cent of the national budget for that purpose as well as by the institution of school breakfast and free textbook programs. In the rural areas there has been a revitalization of the land reform program with expropriation of additional lands and expansion of irrigation projects. However, there is a limit to the amount of arable land which can be extracted either from nature or from existing estates. Recognition of this situation has led to emphasis on diversification, conservation, colonization, education and the extension of social security. Lastly, the present administration has responded to popular feeling by moving to oust several local *caciques* (provincial bosses).

Maintenance of Mexican political stability will rest squarely on the responsiveness of the political leadership to the needs of basic elements in the population and on a concerted effort to resolve the poverty which still exists in the country.

#### IV

Despite an historically rooted antipathy and expressed resentment against cultural penetration from the United States, increasing economic ties and greater personal contact have resulted in improved Mexican-United States relations. Approximately 80 per cent of Mexico's foreign trade is with the United States, and American private investments are rapidly approaching the dollar total of American investments in the area prior to the Revolution. Annually some half million American tourists visit Mexico while hundreds of thousands of Mexicans enter the United States under contract labor agree-

ments. Apart from the opportunity for better understanding, these human streams contribute respectively half a billion and one hundred million dollars annually to Mexico's accumulation of foreign exchange.

Personal contact also has been augmented on the official level by numerous visits. A star-studded delegation attended the inauguration of López Mateos. Dr. Milton Eisenhower and Senate Majority Leader Lyndon Johnson have conferred with the new Mexican executive in Mexico, while Presidents Eisenhower and López Mateos have exchanged well-publicized visits.

#### Relations with U.S.

Official relations between the two countries have been markedly improved since 1940. It is noteworthy that of the ten occasions on which Mexican and United States presidents have joined together six have occurred since 1943. During the past year the favorable atmosphere has brought agreements on telecommunications, aviation, and migratory workers. With the sharp reduction of illegal migration and the modifications introduced in the migratory pact (specifying certain workers' rights and improving machinery for workers' complaints and claims) friction over the treatment of the contract agricultural workers should continue to diminish.

At Acapulco Presidents Eisenhower and López Mateos agreed on the desirability of constructing the Diablo Dam on the Rio Grande and of a joint attack on the "screw worm problem." However, some Mexican observers felt that fundamental problems had been brushed over. These problems essentially are economic and have been and are likely to be the sources of friction and irritation in Mexican-United States relations.

During the past several years Mexico has been confronted with a balance of payments problem resulting from a decline in the value of raw material exports. United States' activity in the world cotton market and this country's reduction of the quotas for admissible quantities of lead and zinc as well as the decline in the price of coffee on the world market contributed to the difficulties. While the stability and convertibility of the peso have been assured by credits made available through the Export-Import Bank, the

International Monetary Fund and the United States Treasury, the Mexican government has felt compelled to curtail imports and to extend the system of compensated barter agreements originally inaugurated to liquidate a record cotton crop.

Dissatisfaction with the United States' hemispheric economic policy is also apparent. As a candidate López Mateos charged that Latin American progress has been retarded by United States policy and criticized conditions imposed for loans and assistance. Mexico was a leader in the movement for an Inter-American Bank of Development, which received belated endorsement by the United States, and has endorsed the Brazilian president's "Pan American Operation" plan for inter-American economic cooperation. Significantly, while visiting the United States López Mateos stressed the need for hemisphere cooperation for integral development.

The rising quantity of American investments in Mexico has provoked some expressions of concern and advocacy of restrictions. Some intellectuals and native industrialists have contended that foreign investments have resulted in chaotic economic development and that controls have been inadequate and ineffective. However, the government has taken the position that Mexico needs capital and that foreign investments respectful of Mexican law are welcome. Nevertheless, in his annual message on September 1, 1959, López Mateos announced that firms engaged as suppliers of raw materials and basic products would be required to have a majority of Mexican capital and foreshadowed a general tightening of foreign investment regulations.

Mexico's relations with her southern neighbor, Guatemala, have been disturbed by two issues, one explosive enough to result in a rupture of diplomatic relations. Late in 1958 Guatemalan air patrols strafed several Mexican fishing boats. When Guatemala refused Mexican offers to settle the dispute, López Mateos broke diplomatic relations on January 23, 1959. Through the good offices of Chile and Brazil an agreement was reached in mid-September whereby Mexico conceded that her vessels had been in Guatemalan waters contrary to instructions, while Guatemala expressed regret and

*(Continued on page 180)*



Noting that "a real revolution is taking place in Bolivia, this specialist analyzes Bolivia's difficulties: "biting poverty and misery in the midst of potential wealth (both mineral and agricultural), illiteracy, government by a privileged few, semi-feudalism which has perpetrated serfdom on the latifundios as well as near slavery conditions in the mines."

## Challenge in Bolivia

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RECENTLY a distinguished scholar delivered a convocation address at a mid-western college. To stress the importance of global complexities as well as joint responsibility in the twentieth century world, he said in essence, "Move over. Your brothers from Burma, India, Africa and Buenos Aires want to sit next to you!" Furthermore he implied that the parochial concepts and mores that dominate thinking from the Ivory Tower of College Hill to Main Street of Middletown are not adequate in this contemporary peripatetic world of philosopher kings, presidents, prime ministers and dictators. We need—"a human standard of achievement for all people of all nations." Lip service and intellectual ritual are inadequate today; they must be accompanied by a change in thinking and action. Point IV is a worthy program, continued the speaker, but we need a Point V—a real sharing of spiritual and democratic concepts.

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In the lands south of the Rio Grande developments emphasize the cogency of this statement. Recent *Hispanic American Reports* indicate that the Trujillos in the Dominican Republic are being subjected to economic pressure and boycott. One issue states—"Diplomatic and business observers felt that Trujillo could deal with foreign invasion and domestic subversion, but that if economic prosperity came to an end his regime would collapse."<sup>1</sup> In other words, the president-dictators are being subjected to "democratic blowdowns" as one hurricane conscious banana tycoon put it.

But the topic under consideration is Bolivia; therefore, let us turn from the coffee cup philosophy of Main Street to the *coca* chewing *Cambas* or "Kollas" of Bolivia.<sup>2</sup> This country, one of the emerging nation-states of Latin America, has been going through a profound revolution. As one writer put it—"Under the determined direction of President Victor Paz Estenssoro, the M.N.R. (Movimiento Nacionalista Revolucionario) pushed the most ambitious program of social and economic reforms in the Western Hemisphere since the Mexican revolution. It has attempted in seven years to reach a goal that Mexico is still pursuing after forty years."<sup>3</sup>

<sup>1</sup> *Hispanic American Report*, November, 1959, p. 491, Stanford University. (Ronald Hilton, Director.)

<sup>2</sup> Many nicknames such as *un pobre país* (a poor country), a Beggar Sitting on a Chair of Gold and a Land Divided are applied to Bolivia. It is indeed divided geographically as well as socially. The *Cambas* (more purely Spanish) who occupy the jungle lowland of eastern Bolivia consider themselves superior to the descendants of the Inca tribes, the Quechua and Aymara, hence "Kolla" (a dirty word) is applied to the Indian of the *Altiplano*. Richard W. Patch, American Universities Field Staff, *Bolivia: Decision or Debacle*, April 18, 1959.

<sup>3</sup> Lewis Hanke, *South America* (Modern Latin America; Continent in Ferment, Vol. II), Anvil, pp. 28-37. See also: Robert J. Alexander, *The Bolivian National Revolution*, Rutgers University Press, 1958, p. 8.

### The Beggar on a Throne of Gold

Bolivia is big, beautiful and landlocked. It is the fifth largest country of Latin America (415,000 square miles) and has a population of approximately 3,500,000 most of whom are illiterate Indians. By comparison it is about four times the size of Colorado, and its total population is about the same as that of Wisconsin. Most of the people live on the *Altiplano*, so many areas are sparsely settled. In this day of population explosions Bolivia beckons with economic possibilities.

It probably should be pointed out that Bolivia is less than half its 1825 size. Large areas have been lost by wars and cession to her neighbors, Chile, Brazil, Argentina, Peru and Paraguay. Loss of territory possibly accounts for Bolivia's extreme sensitivity regarding her present day problems.

Bolivia can be divided into three main geographical areas: the mountains and *Altiplano*, the *Yungas*, and the eastern lowlands often called the *Oriente*. The Andes have been called the most extensive orographical system in the world, running as they do from Panama to Patagonia. Because of these ranges, about two-thirds of Bolivia is high, bleak, dry and cold. The Andes knot in the northern part of the country and run bifid through the country creating a large oval shaped plateau which contains most of the people of Bolivia; the Western Cordillera separates Bolivia from the countries on the Pacific. Due to aridity and elevation only a few crops are cultivated in the valleys, and there is some grazing.

The Eastern Cordillera is truly "Royal," as it is called in Spanish, with majestic peaks ranging to well over 20,000 feet, including Illimani (21,325 feet) which overlooks La Paz.

In between these high mountains is the *Altiplano* or high plateau. The plateau and surrounding mountains are and have been very rich in non-ferrous metals, especially copper, silver, tin, tungsten, zinc, lead and others. *Cerro Potosí* was formerly the richest silver deposit in the world. In more recent times tin has replaced silver as the chief source of wealth and mining interests have taken millions from the country, but Bolivia remains a poor country and its inhabitants a sick people.

To the north of the *Altiplano* lies the highest capital city in the world, La Paz (12,000 feet). Situated as it is in a canyon on the edge of the plateau against a backdrop of mountains, one authority was prompted to describe it as a city "created by the unbridled imagination of a lunatic in love with beauty." In this region we find another wonder of nature, Lake Titicaca, the highest navigable lake in the world. Approximately 12,500 feet in altitude, it has an overall length of 138 miles and juts into Peru. Near this lake the climate is not so extreme as elsewhere on the plateau; it is kept more even by the water which is very deep (900-1500 feet) and has a constant temperature of 51 degrees the year around. Here wheat and maize will ripen up to an altitude of 12,800 feet. In and about the lake the population in some places is more than 125 per square mile, and the best land is covered with "crazy quilt" farm patterns and small villages.

To the south of Lake Titicaca the plateau is drained by the Desaguadero River described as a "lazy, thirsty, shallow river that looks as if it had never had a really good drink." Around Lake Titicaca the Aymará strain of Indians is dominant but elsewhere on the *Altiplano* the *Quechua* are found. The two strains are very similar except for differences in language.

Besides the native grasses, which sustain the vicuña and domesticated alpaca and llama, the Indians produce other crops, chief of which is the indigenous "Irish" potato. There are also several varieties of *oca* which like the potato are eaten in a dehydrated form. Wheat, rye and maize are also raised but do better in the *Yungas* or lower valleys of Cochabamba, Chuquisaca and Tarija.<sup>4</sup> The cereals native to the *Altiplano* are quinoa, a kind of millet, and cañahui, a smaller and darker grain; these are not cultivated at lower levels. Quinoa is the staple food on the plateau as maize is in the lower valleys.

Because of the inhospitable nature of the *Altiplano* the indigenous fauna is as sparse as the flora. Besides the chinchilla and the vizcacha (similar to chinchilla and prized for eating) we find in this region vicuña, alpaca and llama. The llama and alpaca are both

<sup>4</sup> The potato and maize are indigenous to the *Altiplano*; wheat and rye were introduced by the Spaniards.

domesticated, and the llama is considered the cheapest carrier known to man. In fact, Father José de Acosta must have been thinking of the *Altiplano* when he remarked "that God gave the Indian this animal, which costs them nothing and serves them instead of sheep and the mare, because He knew they were so poor." Its wool is woven, its hide used for leather, its flesh eaten, and its dung is burned as fuel.

About two-thirds of Bolivia's population lives by agriculture and uses only two per cent of the total land area; about half of this is on the unfavorable *Altiplano*. The land-tenure system is not one to encourage production for surplus. On the *Altiplano* the model has been the colonial *latifundio* owned by absentee landlords and worked by Indians in a state of serfdom.<sup>5</sup>

### Yungas or Highland Tropics

*Yungas* is an Indian word used to denote the semi-tropical mountain valleys of the eastern slopes of the Cordillera Real. Along with the high valleys of the Pilcomayo and Rio Grande, they make up about one-tenth of Bolivia's total area and support one-third of the population. These *Yungas* range from 3,000 to 6,500 feet above sea level and have a semi-tropical climate. This makes for high humidity; nevertheless Chulumani, the largest town of the *Yungas*, is the most popular health resort of Bolivia.

The variety of plant life in the *Yungas* challenges the imagination. In these mountain jungles many types of trees produce excellent building timber — cedar, mahogany, walnut, box, laurel, ceiba, *guayacan* or *lignum vitae* as well as others from which come medicinal products, dyes and tanin. Fruit, nuts and vegetables are brash in their abundance. The chief crops are sugar cane, tobacco, cacao and coffee, and reportedly the coffee of this area is of high quality. The whole region cries out for planned agricultural development, yet today few of these products reach the potential market of cities such as La Paz with its population of 300,000, and much goes to waste in the jungle. The one major exception is the coca plant from which comes cocaine.<sup>6</sup>

In addition to the *Yungas* there are high mountain valleys in the region of Cochabamba, Chuquisaca and Tarija where the

climate is mild but semi-arid. These valleys produce most of the wheat, maize, barley and grapes of Bolivia, and Cochabamba is known as the country's granary. If properly developed with irrigation, fertilizer and modern methods these high valleys, along with the *Yungas* proper, could supply the main agricultural needs of the nation.

### Lowland Tropics

The eastern lowland of Bolivia comprises about 70 per cent of the total area and stretches from the Brazilian jungle to the arid Chaco plain of the south. The chief products from this region are *cinchona* bark, sugar cane, coffee, citrus fruit and some cotton and rice. There is also valuable timber, and the forests have been exploited for Para rubber, Brazil nuts and quinine. Over the plains of the Chaco region range herds of cattle and goats which are virtually wild. There is not much acreage under cultivation in the Chaco because of drought conditions, but from the southern frontier to Santa Cruz there are valuable forests.

In the Beni region to the north there are herds of cattle also, but this region is subject to annual inundation. In fact, between February and June this land often looks like a vast lake, and the mortality among grazing animals is estimated as high as 30 or 40 per cent.

In the *Oriente*, as elsewhere, the biggest problem is lack of transportation. The rivers of this region are abundantly stocked with fish of many varieties. Due to lack of rapid transportation, however, fish are flown into La Paz from the Pacific rather than supplied from the *Oriente*. For the same reason many other products come in from outside and are cheaper than the same products grown or produced in Bolivia; this is true of oil from Peru, sugar from the United States, as well as meat from Argentina. Contrariwise, goods imported from the Pacific through La Paz become prohibitive in price when transported to the *Oriente* by air.

Space does not permit a detailed account of the 178 revolutions which Bolivia experi-

<sup>5</sup> Harold Osborne, *Bolivia, A Land Divided*, Oxford University Press, p. 111.

<sup>6</sup> From early time coca has been cherished by the Andean natives and is almost their sole indulgence. The leaves are chewed from morning to night and the juice produces a feeling of euphoria which tends to alleviate their harsh condition. All adults, male or female, must have their daily ration of coca.

enced between 1825 and 1952. It is important to point out, however, that these changes were more in the nature of barrack or palace revolutions than real social upheavals. This can even be said of the only war that Bolivia has won—the War of Independence. As far as Bolivia was concerned, few basic changes occurred as a result of the long period of fighting from 1809 to 1825. The Creole class replaced the peninsulares, and the privileged few still ruled. Possibly the country might have done better without the impractical form of government supplied by Bolívar, but this is doubtful. After 1829, Santa Cruz became President and inaugurated some reforms including a simplified constitution which definitely abolished slavery. In his effort to unite Bolivia and Peru he was unsuccessful and as a result went into exile.

### Historical Background

The nineteenth century had an unbroken record of disorder, bad government, and dictatorship, and during this period Bolivia lost much territory to its neighbors. Probably the worst of the dictator-presidents was General Melgarejo, who led an uprising to install Adolfo Bollivián but took over himself. During his “presidency” Melgarejo ceded huge tracts of land to both Chile and Brazil. But neither his madness nor his brutality can be held solely responsible for the lasting misery of Bolivia. Personalism and lack of responsibility have been the curse of all Hispanic American governments; Melgarejo’s régime is merely an example *par excellence*.

Throughout the nineteenth century Bolivia, economically and politically, remained a semif feudal state. There were two Bolivias in fact: one belonged to the privileged few, who lived in La Paz and other cities, and the other the Bolivia of the Indian who supplied the forced labor on the haciendas of the large land owners. The conservative classes of the republic looked to the church and the army to maintain their privileged place, and they were not disappointed. During the latter half of the century the power of the church was curtailed and that of the army as well. In fact, after 1883 and until 1936 civil government tried and to some extent succeeded in keeping the army out of politics. Liberals and conservatives vied for

power, with liberals dominant during the twentieth century. Possibly the ablest President Bolivia had during this period was liberal Ismail Montes who held office from 1904 to 1909 and from 1913 to 1917. For his accomplishments he won the name *El Gran Presidente*.

With the turn of the century Bolivia was beginning to feel the impact of the outside industrial world. Steamboats appeared on Lake Titicaca as well as on the upper waters of some rivers. Roads and highways were built, and railroads connected Bolivia with the outside world; a line was built from La Paz to the Pacific and finally from La Paz to Buenos Aires in 1925. Later, air lines also began to unite Bolivia with the rest of the world. Improvement in transportation meant that some of the products of Bolivia could enter world markets, and this was accompanied by some improvement in farming methods—especially in the *Yungas*.

But Bolivia’s chief source of wealth proved to be tin; after the turn of the century it constituted about three-fourths of the country’s mineral wealth. Labor was supplied by the Indians who were indispensable in the rarified atmosphere of the high altitudes. They were, however, paid low wages and lived in pitiful wretchedness. These conditions might have continued except for the shock produced by the Chaco War which led to Bolivia’s only real revolution.

### The Chaco War

The excuse for the Chaco War stemmed from a boundary dispute with Paraguay, but it was also mixed up with the oil interests of British and American companies. Paraguay had not recovered from the bloody war of the 1870’s in which she lost virtually all her male population. The Chaco War was calamitous for Paraguay but even more so for Bolivia because she was expected to win. Both sides suffered heavy casualties: Paraguay, 40,000; and Bolivia, 60,000 men.

This fiasco started a chain reaction which made the Bolivian revolution of 1952 inevitable. It discredited both the government and the army and brought discontent to intellectuals as well as to the Indians. The most significant result was the break in the caste system. Indians who had never left their local villages were drafted and as soldiers



fought as equals and not as *indios*.<sup>7</sup> Furthermore, many liberal and radical ideas were absorbed, and the Indian would surely question the old semi-feudal system of exploitation.

The army reacted to this situation by engineering several *coupes* which resulted in the short presidency of Colonel David Toro who inaugurated a socialistic régime. Extreme nationalism was the order of the day, and the Standard Oil interests were expropriated in 1937.

Toro in turn was forced out, and Colonel Germán Busch, a hero of the Chaco War, took control. Busch proceeded to enact social legislation favorable to the mine workers and encouraged unions. During his régime a Ministry of Mines and Petroleum was created. Busch also made the first move against the giant tin interest of Patiño, Hochschild and Aramajo. Shortly after this he was found shot to death. The official verdict was suicide, but there were also rumors of murder. To the M.N.R. he is a hero and its first martyr.

For a time after the death of Busch the traditional parties dominated the government in favor of the conservative class. In 1940, this coalition elected General Enrique Peñaranda president. His régime was marked by the growth of new parties. The first of these, the P.I.R. (Partido de la Izquierda Revolucionaria), was established in 1940 with definite Left-wing Marxist orientation, but it did claim to be "independent Marxist." The second party to form was the P.O.R. (Partido Obrero Revolucionaria) which also had strong Leftist connections but played only a minor role for a time. The third and most important party to form was the M.N.R. which was definitely nationalistic and opposed to the Big Three mining companies. Its leaders were social minded and friendly to labor. At first this party was accused of pro Nazi leanings, and there was some justification for such a classification although this was denied by Víctor Paz Estenssoro in a speech of 1944 in which he claimed the main purpose of the party to be the abolition of Bolivia's semicolonial society and the establishment of a national socialistic democracy.

Peñaranda was vigorously pro-Ally, but Bolivia had strong German ties. Attempts made to secure Bolivia's tin by army officers resulted in strong-arm measures by Peña-

randa. The agitation of the liberal parties for better conditions seemed to threaten the Allies' main source of tin and brought on the Catavi incident in which about 100 miners were machine-gunned by government troops. This affair marked the rise of the M.N.R. because it furnished good propaganda for use against the government, the tin barons, and the United States. Catavi provoked such a storm that Sumner Welles organized a joint United States-Bolivian Commission to investigate the mines. The inquiry confirmed the charge of poor conditions and low wages and recommended reform.

After Peñaranda prevailed upon the Bolivian congress to declare war on Germany, he was ousted, and Major Gualberto Villarroel was installed as president. Villarroel indicated fascist leanings and was boycotted by the United States with the cooperation of most other Latin American countries. The United States did, however, recognize the Villarroel government after certain changes were made. As the war turned against the Axis powers, Villarroel's position became more unpopular. With the final defeat, violence exploded in La Paz, and the mob took the presidential palace, shot Villarroel, and hung his body to a lamp post. Inasmuch as M.N.R. leaders had cooperated with Villarroel, many now went into exile or took refuge in La Paz embassies.

#### Prelude to Revolution

The next six years were characterized by the political indecision that helped bring on the Revolution of 1952. Gradually the M.N.R. recovered the confidence and support of the people. It was claimed that the Villarroel régime had been supported by the mine owners and the United States State Department. The M.N.R. as well as the new Left-wing parties furnished the opposition for the rather innocuous presidents of this period.

Both Enrique Hertzog and Mamerto Urriolagoitia who served during these six years might be termed do-nothing executives. They did little by way of reform and jailed and exiled the opposition. Finally Urriolagoitia called for an election to be held on May 6, 1951. The electorate at the time was confined to literate urban males, and the government expected a split vote. This would en-

<sup>7</sup> In Bolivia, *indios* is considered a feudal term.

able congress (controlled by the government) to elect the government candidate, Gabriel Gosalvez. The people surprised the government, however, by casting 45 per cent of the vote for the supposedly discredited Víctor Paz Estenssoro, leader of the M.N.R. party. Paz Estenssoro received five votes to each three for Gosalvez. Despite the impressive showing of the M.N.R. there was no assurance that Congress would not elect Gosalvez. Urriolagoitia at least read the signs right; he turned the government over to a junta of three generals and departed for Chile. The junta lacked support and decisive leadership, and finally M.N.R. leaders took over the government on April 9, 1952, personally led by Hernán Siles and Juan Lechin. Siles organized a provisional government but pledged himself to turn over the control to Paz Estenssoro who had received the most votes in the last election.

### Aims of Revolution

It soon became very clear that the uprising of April, 1952, was a real revolution and not merely an exchange of ins and outs. The M.N.R. had a definite program. Its objectives were the destruction of the semifeudal economic system of pre-revolutionary Bolivia and the creation of a stable government and economy.

Inasmuch as Hernán Siles held power immediately after April 11 and Paz Estenssoro was in exile it augured well for the new régime that Estenssoro was recalled.

The first move of the M.N.R. was to suppress the army. This in turn was followed by reforms of the following nature: citizenship for the Indian, land reform which included crop diversification, nationalization of the "tin barons" Patiño, Hochschild and Aramajo; all these changes were accompanied by a general program of education as well as internal improvements.

Barrack uprisings, *caudillismo*, along with *coup d'états* had surely been the curse of Bolivia. Specific measures were taken not only to suppress the old military clique but also to reorganize the Military Academy for all social classes. Furthermore, the M.N.R. came to depend on the armed forces of workers and *campesinos*.<sup>8</sup> The army which existed was used to help colonize the *Oriente* and to push the program of internal improvements.

One of the first acts of Estenssoro was to issue a decree granting universal suffrage to all adults over 21 years of age, if unmarried, or 18 years if married regardless of literacy, occupation or income. Apparently the leaders believed in a government by a majority, but an informed one. Therefore they set about to educate the Indian, who now became a *campesino*. According to the census of 1950 approximately 70 per cent of the population was illiterate and apparently the percentage was greater among the Indian population. A special Educational Code was evolved which emphasized the practical aspects of education for the rural population. Rural education was placed under the Ministry of Peasant Affairs rather than the Ministry of Education. Apparently the Indians are enthusiastic about their new opportunities. In the election of 1956, the first in which the Indians exercised their newly-won franchise, approximately 85 per cent of the total registered cast ballots, and the support in rural areas was overwhelmingly for the M.N.R.

According to the Bolivian census of 1950 4.5 per cent of the landed aristocracy still held 70 per cent of the land. The system of agriculture was semifeudal; possibly as few as 500,000 farmers were really "in the market." It was against this type of landholding that the land reform was directed. The Agrarian Reform Law declared the semifeudal *latifundio* illegal. Consequently, such lands were to be nationalized (with compensation to the owner) and redistributed among the landless peasants. This in turn was to be accompanied by technical assistance and advice concerning such items as new and better seeds, fertilizing, and improved methods of cultivation.

This movement for agrarian reform had really started after the Chaco War (1936) in the region around Cochabamba possibly because many Indians from this region had served in the war. Here huge *latifundio* were owned by absentee landlords—a convent of nuns in the city of Cochabamba put its *latifundio* together with its *colonos* (serfs) up for lease periodically. One such lease expired in 1936, and some Indian veterans of the war surprised the landowners (who

<sup>8</sup> In Bolivia the word *indio* implies caste status; whereas *campesino* would mean much the same as farmer does in the United States.

usually conspired to keep bids low and then exploited the *colonos* who got no pay) by taking a lease on part of the *latifundio* on which their usufruct lands were located. They formed a syndicate which was successful in securing a lease. The large landowners became alarmed and in 1939 prevailed upon the nuns to sell them the land. The *campesinos* were forced to become *pegujaleros* (serfs) or were driven from homes they had occupied all their lives. This story of the struggle to acquire the land is much the same throughout Latin America and is told in tragic manner by Ciro Alegria in his remarkable book *Broad and Alien Is the World*. Although the scene of this book is laid in Peru, it applies with equal force to Bolivia.

At least one observer seemed to think the reform would bring about a feeling comparable to the "American Dream."

A profound psychological transformation was produced in the peasants when the announcement of the reform was made; they began to walk on their own land and feel free, as if they were standing on the top of a mountain. They learned to speak in a loud voice with pride and without fear.<sup>9</sup>

In conjunction with and in order to augment this reform the M.N.R. has carried on a broad program of internal improvement including crop diversification as well as some promotion of manufacturing. Specifically, this has resulted in road building, amplification of electric power, colonization of the *Oriente*, and building of plants to process or fabricate sugar, milk and cement. With the help of Point IV much has been done to improve the general level of agricultural production.

Because of the sharp loss of income from tin the government has encouraged the development of other sources of wealth, especially oil. According to *The New York Times* for January 14, 1959, ten foreign oil companies were operating in Bolivia, and pipe lines were being constructed to facilitate the movement of oil. This has come about largely due to a new oil code which has encouraged foreign capital somewhat. In addition to the revenue from oil exports Bolivia hopes to acquire more foreign exchange by developing rich iron deposits along her eastern border as well as by increasing farm exports and cattle production.

Although not the most important aspect of the Revolution of 1952, the nationalization of the tin mines of the Big Three has been the most controversial. Granted the need for change in Bolivia, the act seemed necessary. Various investigations by outside agencies indicated that conditions were extremely bad in the tin mines; low wages prevailed and conditions endangered life and limb. According to one report, 475 fatal accidents occurred among a working force of 49,000 in 1949. Furthermore, it was quite obvious that the Big Three had become a state within a state and had dictated to the government and opposed reform. It was also felt that much of the wealth in tin was leaving the country and was of little benefit to the people. Therefore, the holdings of the three tin companies were placed in the hands of a government-owned corporation, COMIBOL (Corporacion Minera de Bolivia). Spokesmen for the M.N.R. tried to make it clear that the evil practices of the Big Three had brought on the nationalization of the mines. These leaders also contended that Bolivia subscribes wholeheartedly to democratic principles; nationalization of the Big Three was a special case, and hundreds of other mines remained in the hands of private owners.

#### Retrospect and Prospect

Any revolution as profound as that which has developed in Bolivia after 1952 is bound to cause criticism, controversy, and opposition. After seven years what are the prospects? On the credit side can be cited the election of 1956 where Paz Estenssoro yielded to President Hernán Siles in a democratic manner and for the first time all the people could vote. Although there have been rumblings, there have been no successful coup d'états, and the M.N.R. seems to be supported by a majority of the people. On several occasions military support has been supplied by those who have a vested interest in the government—the people! According to reports it would also appear to be true that the extremists are gradually being discredited. This is especially true of the Falange on the Right, but to some extent it is also true of the Leftist groups with communistic leanings. Recently, for example, Juan Lechin has "burned himself" politically by support-

<sup>9</sup> Quoted in Alexander, *op. cit.*, p. 75.

ing unpopular moves and then being forced to back down.

Naturally the leaders of the Revolution have faced problems. Despite their attempts to maintain a democratic society, freedom of the press has been restricted and strong-arm methods have been used at times. For such policies Bolivia and the M.N.R. have been criticized from the outside and especially by the Inter-American Press Association. The M.N.R. has tried to justify this suppression by claiming that its actions are carried out for the people instead of against them as in the past and that the opposition has brought on such action by refusing to give up the time honored weapon of the coup d'état.

Friction has also developed within the M.N.R. The mine workers and *campesinos* have been at odds on the stabilization program which has become necessary partially to curb inflation. Aid from the United States and the International Monetary Fund apparently will be cancelled unless government subsidies to the miners' commissaries are discontinued. The M.N.R. under President Siles has tried to carry this out, and friction has developed between miners and the *campesinos* who have benefited most by the reform. This is serious for the M.N.R. because the support of both groups is necessary for the continued progress of the program.

Before 1952, tin exports accounted for approximately 63 per cent of Bolivia's foreign exchange. Naturally, the government expected profit from the nationalization of the Big Three mines. Unfortunately for the M.N.R. government, the mines were taken over when the reserves were nearly exhausted. The world price dropped because of unexpected exports by Communist bloc countries and curtailed United States import quotas. Unwise policies promoted by the labor unions also hurt the industry. As a result, instead of producing revenue for the government, the mines became a drain on its resources, and it was necessary to look elsewhere for money needed to finance the program of reform and to stabilize the inflationary trend which gradually got worse after 1952.<sup>10</sup> The United States agreed to underwrite the revolution and since 1952 has contributed approximately \$129 million to promote the M.N.R. program and bring about stabilization.

In July, 1958, however, the United States

announced a stricter policy. Bolivia must fulfill certain conditions before more aid would be forthcoming. These were the bases of the stabilization program which went into effect earlier (1957) and included (1) a balanced budget, (2) control of the expansion of credit and (3) cutting of losses in the mines by the elimination of controlled prices in the mine commissaries. The I.M.F. also demanded that stabilization measures be carried out before further funds would be available. The United States supported the I.M.F. in this regulating rôle. The main point of contention was the policy of subsidizing prices in the mine commissaries. Miners were able to buy goods below the market price, and sometimes these were sold very profitably in the black market. By 1956, this disguised subsidy amounted to much more than the money wages of the miners and accounted for COMIBOL losses and the inevitable inflation. According to one friendly observer the M.N.R. was not in a position to carry out any of these conditions.

The United States and the International Monetary Fund were well aware of the special conditions—the accomplishments and the upheaval these changes had caused—in Bolivia. The United States Assistant Secretary of State for Inter-American Affairs in 1954, Henry F. Holland, even publicly stated that if he were a Bolivian he would be a member of the MNR, a surprising statement from a man in his position. From 1952 to 1958 the United States seemed determined to help in every way possible a government which had taken such necessary and in a sense courageous steps. In 1956 the IMF, too, was eager to make a model project of its help for Bolivia. The economic measures have not worked, possibly because Bolivia is not now at a stage where it is able to bear the effects of the decontrolled economy and free foreign exchange imposed by the stabilization plan. (American mineral import quotas, for the protection of United States miners, have hurt Bolivia, relatively, more than any other country—they exist as a strange paradox in the policies of a country insisting on a free economy and advocating free enterprise.)<sup>11</sup>

<sup>10</sup> The *boliviano* (money unit) traded about 200 to the United States dollar in 1952; in 1959 it is about 12,000 to the dollar.

<sup>11</sup> Patch, A.U.F.S., *op. cit.*, pp. 4, 17.  
The annual subsidy to the mine workers has been a heavy drain on government funds, but apparently the exact amount is hard to determine. Estimates vary from \$6,000,000 (*Hispanic American Report*, May, 1959) and \$3,000,000 (*New York Times*, March 31, 1959) to estimates much lower. Continuance of United States and IMF aid (1959) hinged upon the ability of the MNR government drastically to reduce or abolish



Few words in the English language have been misused in meaning more than free enterprise, and the semantics of this perversion reminds one of the conversation between Humpty Dumpty and Alice:

"When I use a word," Humpty Dumpty said in rather a scornful tone, "it means just what I choose it to mean—neither more nor less."

"The question is," said Alice, "whether you can make words mean so many different things."

"The question is," said Humpty Dumpty, "which is to be master—that's all."

"When I make a word do a lot of work like that," said Humpty Dumpty, "I always pay it extra."

It would be possible to write a whole volume on certain phases of the revolution. On the other hand too much concern with details might obscure the main issues. For example, but very briefly, there has been inefficiency and corruption in the administration of the reform program, but corruption has so long been present in Bolivia that one gets the impression that it has almost a tradition of respectability. A case in point would be José Rojas, respected leader of the *campesinos* around Cochabamba in the early stages of the revolution. At the outset of the movement he drove a Japanese jeep, but recently he has gained certain economic advantages, spends little time in his government office, and has graduated to a silver-gray Chrysler. It is difficult for the *campesino* to equate his sudden limousine-prosperity with *campesino* problems. And surely waste, if not inefficiency, has been associated with the aid from outside. Only recently it was reported that there were "too many American advisors and official automobiles in sight to show for six years' expensive aid."

Education, of course, is a crying need and is being promoted by the government with outside help. But pertinent questions could be raised here also. It is true as one housewife put it that "what the country needs is to make more egg beaters." Also many Bolivians, having received an education which should make them useful citizens, prefer to remain in the United States or take

jobs elsewhere than in Bolivia. Again, too much concern with problems of this type, although interesting, might obscure the basic issues of the revolution.

By the same token, too much excitement over a comment made by *Time* magazine in March, 1959, might also lead one astray. Apparently some member of the American Embassy (although this was denied officially) stated and was quoted by *Time* in its Latin American issue to the effect that the United States had been helping Bolivia for some six years and that "We don't have a damn thing to show for it." The anonymous diplomat also supplied a solution: Let Bolivian neighbors divide up the country and her problems! The M.N.R. government in La Paz was alerted by the country's representative in Peru, and 670 copies of the magazine arrived in Bolivia. Although Bolivians generally do not read *Time*, anti-American riots resulted and a United States flag with four points was burned. There were also shouts of "Down with imperialism!" These demonstrations were criticized and resented in the United States and the immediate reaction of the man in the street was that foreign aid simply doesn't pay off.

If one considers this affair more seriously, however, the reaction of the Bolivians to the *Time* comment can be understood. Bolivia has lost considerable territory already to her neighbors and is probably sensitive on this subject. Furthermore, Bolivia is changing very rapidly from a colonial folk area to a nation state, and the people are jealous of their new-found sovereignty. This also explains much of the resentment toward the outside missions, even of the United Nations, if the leaders are too closely allied with the great powers. Furthermore, our demands for stricter stabilization measures have embarrassed the M.N.R. leaders, and considerable friction and discontent have developed especially among the mine workers. Possibly the leaders saw a chance to use the United States as a scapegoat and thus shift attention from local discontent. At any rate this affair should not obscure the fact that a real revolution is taking place in Bolivia, and this demands our serious attention.

In summary, Bolivia has been cursed by certain conditions and practices common to all Latin America: biting poverty and misery

ish this dole. Apparently President Siles was having difficulty, because in the early summer of 1959 an unbalanced budget of \$32.8 million was announced. The United States was expected to cover a deficit of \$9.5 million. It is noteworthy, however, that the largest single expense item in the budget was for education.

in the midst of potential wealth (both mineral and agricultural), illiteracy, government by a privileged few, semifeudalism which has perpetrated serfdom on the *latifundios* as well as near slavery conditions in the mines. Until recently, little or nothing has been done to improve agricultural methods and transportation facilities. Bolivia won its independence in 1825, but colonialism lived on and has been associated with all these evils as well as the *caudillismo*.

This situation has existed elsewhere in Latin America and elsewhere revolutions have occurred;—some have been successful, or partially so, as in Mexico. Other revolutions have been retarded as in Guatemala where the United States intervened ostensibly to protect “democracy” from communism. The comment of Lewis Hanke relative to the new president and Guatemala in 1958 is pertinent to Bolivia: “Many feared he would become a dictator despite his insistence on his belief in democratic methods. However this may be, Guatemala today confronts the same basic problems: inadequate transportation, a one crop economy, a large illiterate population, a few wealthy families, which add up to economic and political instability.”

Apparently the United States has two

choices in regard to Latin America. It can follow an honest hands off policy or an honest policy of intervention to protect our vested interests be they oil, bananas, sugar, strategic considerations or democracy. If we choose the latter, we should be careful not to take a self-righteous attitude. For “almost invariably national self-righteousness is dominant in the hearts of interventionists or quasi-interventionists who advocate forcing Latin America to live up to our concept of political democracy.”<sup>12</sup> This suggests a Point VI as well as a Point V for the United States and Bolivia: a sharing of *our* democratic and spiritual ideas is a two way proposition and demands mutual respect and understanding without dictation or recrimination.

Our policy, as one expert put it, must be —“for democracy rather than merely against dictators; it must be cooperative rather than self-righteous and denunciatory; it must be candid rather than conspiratorial.”<sup>13</sup>

It all depends, as Humpty Dumpty would put it, on who is *master* in this world so “Broad and Alien.”

<sup>12</sup> *Mexico and the Caribbean* (Modern Latin American Continent in Ferment, Vol. I), p. 18

<sup>13</sup> Quoted in *Ibid.*, p. 13.

(Continued from page 143)

and more soldiers to patrol the exposed sea-coast. He is borrowing money to provide for defense, and for the first time in 15 years, his treasury is strained. How seriously we do not know.

It is not easy to give advice to Washington on this sensitive struggle. Latin Americans generally charge the United States with too great complaisance with regard to the iniquities of the Trujillo regime. But what would they ask Washington to do? Intervene, and oust Trujillo? No, no one wants that, and the United States remembers only too well the mournful ineptness of our armed excursions

into Haiti, the Dominican Republic and Nicaragua. Economic reprisals, such as blocking sales of Dominican sugar in the United States? This would hardly do, for such coercion might well turn Dominican sentiment against us. Some Cuban crusaders would like us to furnish fighting planes, but that will not happen.

In other words, there is little that Washington can do. Perhaps we might urge that the present amiable acceptance of Trujillo and all his works might be replaced by a chill diplomacy which would convey something of the deep disgust we feel for the most blatant terror in the Americas.

“It is ironic that in this time of lightning-swift mechanical and universal communication of thoughts and images, we are threatened with already massive and still growing defaults in understanding. In education, politics, sociology, the arts, the sciences, we are approaching a modern Tower of Babel—a state of paralyzing, mutual incomprehension—just as we enter what may be the climactic period of man’s career on Earth.”

—T. Keith Glennan, Administrator of the National Aeronautics and Space Administration in an address delivered on December 27, 1959.

*Can Arturo Frondizi pull Argentina out of its economic crisis? "As of the end of 1959 it appeared that the dominant elements in the Argentine armed forces had decided to back Frondizi to the hilt. . . . If 1959 trends in the cost of living continue, the inflation should be over by the end of 1960. . . ."*

# Argentina After Peron

By ROBERT J. ALEXANDER

*Associate Professor of Economics, Rutgers University*

ARGENTINA is still wrestling with the problems bequeathed by the decade-long dictatorship of Juan Domingo Peron. The country is just beginning to recover from the chaotic situation left by the mistaken economic policies of that regime, while the continued loyalty of a large segment of the Argentine masses to the fallen dictator remains the single most difficult political issue facing the nation.

Argentina's present economic problems have their roots in a situation existing long before the advent of the Peron regime, but they were greatly intensified by the policies of the dictatorship. Fundamentally, Argentina's economic difficulty has been the fact that the country was largely decapitalized during a period dating back to the early 1930's. With the exception of a short period during the late 1940's, Argentina was unable to obtain sufficient capital equipment to replace that which wore out, and to expand the economy.

During the 1930's, the Great Depression cut off much of Argentina's foreign exchange resources, and limited seriously the amount

of capital equipment that could be imported. The Second World War brought the small imports of capital to a virtual standstill. Subsequently, although Peron made foreign exchange available for importation of considerable amounts of equipment for manufacturing, most other aspects of the economy were largely ignored.

The upshot of this situation was that a large part of the country's capital equipment was extremely run-down and needed replacement by the time Peron was overthrown in 1955. The railroads needed huge quantities of new rolling stock and large segments of track needed replacement. Most of the country's agricultural implements and machinery were at least two decades old. The highway system, which had long been the best in Latin America, had fallen into serious disrepair. Even much of the factory equipment needed replacement.

In addition, Argentina was faced with a very serious foreign exchange crisis. The country was regularly buying abroad about \$300 million more in goods and services than it was selling to foreign countries. Argentine agricultural exports had declined, as the result of a variety of circumstances, while her demand for goods from other countries was tending to increase.

## Peron's Attacks on Agriculture

Peron's policies contributed much to this situation. Until shortly before he was overthrown, his regime seemed to feel that the admittedly serious problems presented by Argentina's excessive dependence on the export of a handful of agricultural products could be overcome by undermining agri-

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culture and grazing. The administration did not concentrate on the development of a more varied range of exports; nor did it stimulate the country's ability to supply for itself many of the things which it hitherto had to import. Instead, the Peron regime seriously damaged those economic activities that remained fundamental to the economy of Argentina.

This attack on agriculture and grazing had several aspects. On the one hand, all farmers and cattlemen were forced to sell their output to a government monopoly, the *Instituto Argentino de Produccion e Intercambio*. The I.A.P.I. bought these products for almost a decade at prices far below those prevailing in world markets, and sold them for as much as the trade would bear, in foreign markets. Only in the last couple of years of his regime did Peron begin to increase somewhat the prices offered to the rural producers.

#### Agricultural Worker Protection

At the same time, in pursuance of his social and labor program, Peron enacted extensive legislation for the protection of the agricultural worker. Not only was he unionized, but he was guaranteed a minimum wage, social security, an eight hour day and other advantages. Although these measures were good in themselves, they tended greatly to increase the costs of producing grains and meat. Taken together with the artificially low prices received by the rural entrepreneurs, they made large parts of the economic activity of the countryside unprofitable. Furthermore, it was impossible for the agriculturalist to cut labor costs by mechanizing his activities, since the Peron government made little foreign exchange available for the import of agricultural implements and machinery.

The upshot of all this was a disastrous decline in the area under cultivation and the output of Argentine agriculture and grazing. As a result, the country could no longer depend on its traditional exports of meat and grains for foreign currency. This crisis was intensified by droughts in the early 1950's and by the growing internal demand in Argentina for both grains and meat, as a result of the increase in population and the rise in per capita consumption of these products.

During the two and one half years of provisional government that followed the fall of Peron, halting steps were taken to overcome some of these problems. Some loans were received from abroad for refurbishing the equipment of the railroads and for importing agricultural machinery. The regime tried to restrict internal consumption by freezing wages, an effort that was largely unsuccessful. At the same time, steps were taken to liquidate I.A.P.I. and its monopoly over the purchase and export of the products of rural Argentina. Prices to agriculturalists and grazers were increased considerably.

#### Ineffective Policies

However, the transitory nature of the provisional regime made it impossible to make an all-out attack on the basic economic problems of Argentina. Furthermore, clumsy handling of the problems of labor greatly increased Argentine problems, and reduced the effectiveness of measures aimed at a degree of recovery for the Argentine economy. Social unrest and numerous strikes followed.

Peron had built the organized labor movement into a major force in Argentine politics. During most of his regime, his government rested on the two pillars of organized labor and the army. Most of the country's workers had joined unions and gained a new sense of their own importance in determining the destinies of the nation.

#### Aramburu's Government

The growing economic difficulties facing Peron during his last years in power undermined the confidence of many workers. There was little opposition from union members to his overthrow. A more intelligent policy than that of the provisional government of General Pedro Eugenio Aramburu might have permanently won these workers away from their allegiance to Peron.

Admittedly, the Aramburu government was faced with a crisis requiring immediate action when it seized power in November, 1955. The still Peronista-controlled *Confederacion General del Trabajo* declared a general strike against Aramburu; he was forced to oust its elected officers and those of all of its constituents. For the most part, he put the unions in the custody of officers of the armed forces. This was his first mis-



take, since most of these officers had little knowledge of how to run a labor organization, and indeed had no conception of their role. The workers were left with the feeling that they had no organization to protect their interests.

The second mistake of Aramburu's labor policy was to continue this "intervention" in the unions too long. It was almost a year before the majority of the unions were returned to their elected officials. During this time the Ministry of Labor followed a mistaken policy of having little to do with the democratically minded elements in the unions. If they had soon been allowed to assume union control on a provisional basis, these elements might have been able seriously to undermine the basis of Peronista support among the workers.

During most of the term of the provisional government, the Ministry of Labor was largely staffed by people from the personnel departments of the country's largest firms. This reinforced the workers' impression that there was no one in the regime who could support their interests.

The result of these policies was that many workers who were disillusioned in Peron were forced back into the Peronista camp. The Peronistas remained the largest single element in the Argentine political spectrum, as was indicated in the constituent assembly elections of August, 1957.

### Continuing *Peronismo*

The continuing strength of the Peronistas inevitably had its effects on the country's politics. Virtually every party split over the issue. On the one hand was that group which sought to rally support from the ranks of the Peronista workers; on the other, that element in each party that felt that the Peronistas were "lost" to democracy, and that no overtures should be made to those who continued to support the ex-dictator.

The politician who had for long seen most clearly the impact of *Peronismo* on Argentine politics was Arturo Frondizi, who emerged from the dictatorship as President of the Union Civica Radical, the major party opposing Peron. He understood from the beginning that Peron had brought about a fundamental social and political change in

Argentina, had made the workers a major force, and had enacted social and labor measures that were there to stay.

During the provisional regime, Frondizi headed that part of the Union Civica Radical anxious to make overtures to the Peronistas. One may feel that he went "too far," entering into direct negotiations with Peron as he did. Nevertheless, Frondizi's conversion to the idea that the Peronista movement, whatever else it may have been, was a revolutionary phenomenon which must be won to democracy if democracy were to be safe in Argentina was not something new after September, 1955. Frondizi had argued this way for a decade before the overthrow of Peron.

In the February, 1958, election Frondizi defeated his principal opponent, Ricardo Balbin, of the opposing faction of the Union Civica Radical, and a host of minor nominees, including Alvaro Alsogaray, candidate of the extreme "free enterprise" party, Union Civica Independiente. Frondizi's triumph was made a smashing one by the last-minute support of the exiled dictator, Peron. His 4 million votes, compared with Balbin's 2.5 million, assured that no attempt would be made by hostile military men to prevent his taking office.

### Frondizi's Administration

Since becoming President on May 1, 1958, Arturo Frondizi has attempted to come to grips with the two fundamental problems facing Argentina: the economic crisis, and the continuing hard core of support for Peron in the political arena. In the beginning, he tried to buy Peronista support in return for a number of concessions. These included a general amnesty for all who had been indicted or jailed by the provisional regime; a 60 per cent general wage increase, and greater freedom for the Peronistas in the trade union and political arenas. He even indicated that he would legalize the Peronista Party, though so far he has not done so.

However, these friendly moves towards the Peronistas did not attract Peron's supporters. Frondizi soon became convinced that until Argentina's economic house was put in order, there would be no chance of converting the Peronistas into loyal supporters of democracy. The increasing inflation, the growing scarcity of goods and other indi-

cations of the economic crisis were merely engendering further discontent among the workers, and were serving to strengthen their conviction that Peron was their only friend and protector. Relatively few workers, and certainly very few Peronista workers, attributed the economic difficulties of 1958 to the policies followed by Peron before 1955.

As a result of Frondizi's decision to do something drastic about the economic situation, he made what appeared to be a 180 degree change in policy. Although he had been elected on a platform calling for more social legislation and an extremely nationalistic economic policy, Frondizi decided late in 1958 to put these measures on the shelf temporarily to bring some stability into the economy. However, it is wrong to believe that President Frondizi gave up either the social or nationalistic ideas with which he came to office. Rather, he felt that these policies could not be made effective until the short-run damage to the economy had been repaired.

Frondizi was well aware that his change in front would arouse wide opposition, particularly in his own party. He conferred widely with the leaders of his party inside and outside of congress, and asked them to give him two or three years to straighten out the economic situation, after which he would return to the policies that he advocated during the election campaign. Although he has by no means received unanimous support inside his own party, there is no reason to believe that once the economic situation has notably improved, he will not make good on his promises.

There were two basic methods to get the economy back on its feet. One was to increase savings inside Argentina, and to plough these savings into exports and capital accumulation. The second was to get whatever help towards the reconstruction of the basic elements of the economy could be acquired from abroad. Frondizi sought to use both of these methods. Furthermore, he sought to combine a program of recovery with one of further long-range economic growth.

#### "Stabilization"

In December, 1958, the Frondizi regime entered into an agreement with the Inter-

national Monetary Fund to attempt to "stabilize" the Argentine economy. This involved taking certain measures advised by the Fund, in return for which the Argentine government was to receive something over \$300 million for support of the national currency and for economic development. The moves taken by the Argentine government included establishment of a single exchange rate, freeing of imports from existing controls after a certain period, freeing of internal prices, an attempt to freeze wages, and an effort to balance the budget.

After a few months of fumbling, the execution of this program was put in the hands of Alvaro Alsogaray, Frondizi's opponent in the 1958 elections who, Frondizi's critics acidly noted, had received only 50,000 votes at that time. Alsogaray was a firm believer in the stabilization program, and he energetically set out to make it effective.

#### Foreign Capital Encouraged

The second aspect of the program was to encourage foreign investment in Argentina. The most spectacular aspect of this part of the Frondizi program was an alteration of the government's policy with regard to the oil industry. For nearly 30 years, most oil exploitation and production had been in the hands of a government firm, *Yacimientos Petroliferos Fiscales*. However, Y.P.F. had been utterly unable to keep up with the increasing demand for petroleum, and in the 1950's Argentina had been importing nearly \$300 million worth of petroleum products each year.

Frondizi's new policy, enacted into law late in 1958, declared all oil reserves to be national property and authorized Y.P.F. to enlist the support of foreign firms to help get the oil out of the ground. Y.P.F. has since entered into contracts with several foreign firms, which agreed to explore for oil, to sink wells, to get the oil out of the ground, and to sell all oil to Y.P.F. They will be paid mainly in dollars, and partly in Argentine pesos.

This policy began showing results in 1959. Production increased significantly, and it was predicted that by the end of 1961 Argentina would be self-sufficient in petroleum. At the same time, oil and gas pipelines were being built from the northern oil fields to the

Buenos Aires area, promising a sharp decline in the cost of getting the product to the consumer.

Other aspects of the policy of encouraging foreign investment consisted of settling claims of the American and Foreign Power Company for properties expropriated by Peron; and converting the Belgian firm *Cia. Argentina de Electricidad*, (whose concession was declared ended by the provisional government in 1957) into a mixed Argentine government-foreign investor firm. Finally, the government entered into several agreements with foreign firms to establish plants in Argentina.

The Frondizi government itself floated a number of loans with European and United States banks to obtain the capital necessary to reequip the railroads and to carry out other reconstruction and development projects. Further help was also received to finish construction of the country's first major steel plant at San Nicolas in the Province of Buenos Aires.

By the end of 1959, the economic program was beginning to bring results. The inflation had slowed down to only one per cent a month, compared with five or six times that rate during 1958. The grazers had received a nearly 400 per cent raise in their peso income on exported beef as a result of the establishment of a single foreign exchange rate, permitting them to obtain 70 pesos per dollar earned instead of the 18 which they had received before. As a result, they were encouraged to expand their herds, and many breeding cows were held off the market in 1959. At the same time, Argentine internal consumption of meat fell substantially as the result of sharp price increases. Within a year or so the results of these events should begin to show up in terms of increased sales of Argentine meat abroad.

When he began his stabilization program in 1958, Frondizi predicted that by 1961 or 1962 he would have his country out of its economic crisis. This remains to be seen. However, the chances now seem good. Much depends on the attitude of the army, and on whether labor discontent can be kept within safe bounds until price stabilization eliminates its principal cause. As of the end of 1959 it appeared that the dominant elements in the Argentine armed forces had decided to back Frondizi to the hilt in his efforts to restore economic stability. If 1959 trends in the cost of living continue, the inflation should be over by the end of 1960, with a subsequent reduction in labor unrest.

Once price stability has been acquired, the exchange crisis is ended, and the process of economic growth seems to have been renewed, we may well expect to see another reversal in Frondizi's policies. There is no indication that Frondizi has ceased to be a sincere Argentine nationalist or that he has lost his original concern for social and labor problems. He may therefore be expected to return to nationalist and social policies, at least within limits, once he feels that such policies are feasible.

Furthermore, the future of democracy in Argentina may depend upon his doing so. The solid lump of Peronista supporters continues to exist. Success by the Frondizi government in stabilizing prices and even ensuring a modest increase in the workers' real income may help to disintegrate it. However, the workers who have supported a social and nationalist program under Peron cannot be expected to abandon completely the fallen dictator until they are convinced that his social program and his defense of national security and prestige can be assured through democratic parties and democratic leaders.

"The overwhelming majority of the peoples and nations of the world today want to live in peace. They seek the removal of barriers against trade. They want to exert themselves in industry, in agriculture, and in business that they may increase their wealth through the production of wealth-producing goods rather than striving to produce military planes and bombs and machine guns and cannon for the destruction of human lives and useful property."

—Franklin D. Roosevelt, Chicago, 1937.

## Received At Our Desk

**SOVIET RUSSIA AND INDIAN COMMUNISM.** By DAVID N. DRUHE (New York: Bookman Associates, 1959. Bibliography and index, 429 pages. \$8.50.)

India has become increasingly important in international affairs. Indeed, its political orientation will determine the future of Southern Asia. The growing number of works devoted to Indian relations with the Communist world reflects this condition.

Dr. Druhe's study is primarily concerned with "Soviet policies in regard to India from the Bolshevik Revolution of November, 1917, to August, 1947, when the peoples of India were liberated from foreign rule and came to live under the free Indian Union and free Pakistan." The narrative is organized in essentially chronological order and traces the background of early Bolshevik interest in India, the establishment of the Indian Communist Party, and the efforts of the British to proscribe Communist activities. The tactical shifts of the C.P.I., and the difficulties which it encountered, are accurately and ably developed.

Too much perhaps is made of "Soviet intrigues on India's Frontiers" during the pre-1939 period. Comintern pretensions to political significance in the area are taken overly seriously, or so it seems to this reviewer. It is also questionable whether 66 pages of footnotes add materially to the merit of the work.

The study provides a wealth of valuable information. The two chapters treating the 1939-1947 period are particularly interesting. However, a more analytical, as opposed to descriptive, approach might have enhanced the value of this commendable piece of scholarship.

ALVIN Z. RUBINSTEIN  
University of Pennsylvania

**ECONOMIC INTEGRATION: THEORETICAL ASSUMPTIONS AND**

**CONSEQUENCES OF EUROPEAN INTEGRATION.** By ROLF F. SANNWALD and JACQUES STOHLER (Princeton: Princeton University Press, 1959. Index. 260 pages, \$5.00.)

Western Europe has taken several important steps toward economic integration since the end of the second World War, particularly the establishment of the European Coal and Steel Community and the Common Market. Two Swiss economists have written an excellent theoretical treatise on the problems attending economic integration. They have systematically "investigated the problems, and benefits, as well as drawbacks, to be encountered in such areas as tariffs, sales and income taxes, investments, international holdings, foreign branch companies, employment-unemployment, relocation, and supply and reserves of natural resources." A.Z.R.

**DIPLOMACY IN A CHANGING WORLD.** Edited by STEPHEN D. KERTESZ and M. A. FITZSIMONS (Notre Dame: University of Notre Dame Press, 1959. Index. 407 pages. \$7.50.)

Common to this collection of essays "is the recognition of the high importance of diplomacy as the flexible instrument for the conciliation and negotiation of the interests of the world's states." Since twentieth century diplomacy differs quite significantly from the practice of previous eras, it is necessary to understand the changes which have taken place. These changes include: "the triumph of democracy in many states and the consequent difficulties of conducting foreign policy; the multiplication of diplomatic concerns; the number of new states, some of them with little political experience; the existence of a sense of world community, incomplete as it is; the power and ambitions of the Soviet Union, which compounds the difficulties of diplomacy by the different meaning it gives to certain key words, and



by the extensive use of diplomacy for propaganda as well as for negotiation; and the creation of alliances, notably those instituted to counter Soviet threats, thereby enlarging the field of conference and multi-lateral diplomacy."

The twenty essays have been written by outstanding specialists. Lucid, sophisticated, penetrating, they constitute a valuable addition to our understanding of the nature and practices of contemporary diplomacy. A.Z.R.

**COMMUNISM AND BRITISH INTELLECTUALS.** By NEAL WOOD (New York: Columbia University Press, 1959. Selected references and index. 256 pages, \$4.00.)

This is a balanced presentation of the relationship between the British intelligentsia and the Communist movement. Though never a significant element of Britain's consistently small Communist Party, members of the intelligentsia — artists, scientists, and writers — have, at various times, been drawn toward the Communist Party. This was particularly true in the 1930's when the severity of the depression and the rise of Nazism led to the alienation of many middle class intellectuals from British society. Dr. Wood ably documents this drift "to the left," and gives interesting biographic sketches of those who turned to communism for the answers to the period's difficulties.

The themes of enchantment and subsequent disillusionment are common threads in this narrative. In assessing the experience of the British Communist Party, the author states that: "Like all communist parties the C.P.G.B. was converted from a group of revolutionary idealists into a monolithic, bureaucratic machine. Organization became the supreme end, and the theory of Marxism-Leninism little more than a dogma: a comprehensive, rigid, and centrally controlled plan for thought and action." A.Z.R.

**NEHRU: A POLITICAL BIOGRAPHY.** By MICHAEL BRECHER. (New York: Oxford Press, 1959. 682 pages, bibliography and index, \$8.50.)

This is a masterful biography of one of the great figures of the twentieth century. But it is more than the story of Jawaharlal Nehru; it is also a history of the "political events, ideas, and movements" which went into the making of the Indian revolution.

Professor Brecher's approach "is chronological and topical, covering the period from the 1880's to the summer of 1958 and ranging widely over the panorama of Indian politics." He starts with a "portrait of Nehru in his seventieth year, a study of his personality and character, of his mood and popularity, and of his manner of living." Nehru's relationship with Gandhi is perceptively treated. Similarly, the reader is carried along by the smooth flowing narrative and by the compelling interest aroused by the author in telling of "Nehru's road to fame and power," his "friendships and antagonisms of the past forty years, as well as the shifting composition of the 'inner circles' surrounding Nehru since 1947."

No review can do justice to the fascinating account developed in this book. Based on meticulous research, it bears the imprint of superlative scholarship; despite a staggering amount of factual detail, it never loses the dramatic quality, so characteristic of its subject, which stimulates the reader to go on. Concerned with presenting as honest a portrait as possible of a complex, controversial individual, the author nevertheless preserves a warmth and empathy for his subject which the reader cannot help but absorb.

Some of the author's comments deserve attention here. Nehru's "physical courage is renowned. All who have known him have admired his integrity and selflessness, his sincerity of purpose and his devotion to the causes he holds dear, notably Indian freedom and world peace. Some have been drawn by his generosity and loyalty to colleagues, others by his honesty and apparent purity of motive. Few have failed to succumb to his inordinate charm. Many respect his detachment and intellectual tolerance, his idealism and abnegation of absolute power. For others still he is the epitome of the romantic hero in politics, the impulsive youthful and daring leader of men, intensely human, fearless, and champion of the oppressed."

(Continued on page 180)

# Current Documents

## THE STATE OF THE UNION

On January 7, 1960, President Eisenhower reported to Congress on the State of the Union. A joint session heard the President read part of his annual message. The complete State of the Union address is reprinted here.

Mr. President, Mr. Speaker, members of the Eighty-sixth Congress, my fellow citizens:

Seven years ago I entered my present office with one long-held resolve overriding all others. I was then, and remain now, determined that the United States shall become an ever more potent resource for the cause of peace—realizing that peace cannot be for ourselves alone, but for the peoples everywhere. This determination is shared by the entire Congress—indeed, by all Americans.

My purpose today is to discuss some features of America's position, both at home and in her relations to others.

First, I point out that for us, annual self-examination is made a definite necessity by the fact that we now live in a divided world of uneasy equilibrium, with our side committed to its own protection and against aggression by the other.

With both sides of this divided world in possession of unbelievably destructive weapons, mankind approaches a state where mutual annihilation becomes a possibility. No other fact of today's world equals this in importance—it colors everything we say, plan and do.

There is demanded of us, vigilance, determination and the dedication of whatever portion of our resources that will provide adequate security, especially a real deterrent to aggression. These things we are doing.

All these facts emphasize the importance of striving incessantly for a just peace.

Only through the strengthening of the spiritual, intellectual, economic and defensive resources of the free world can we, in confidence, make progress toward this goal.

Second, we note that recent Soviet deportment and pronouncements suggest the possible opening of a somewhat less strained

period in the relationships between the Soviet Union and the rest of the world. If these pronouncements be genuine, there is brighter hope of diminishing the intensity of past rivalry and eventually of substituting persuasion for coercion. Whether this is to become an era of lasting promise remains to be tested by actions.

Third, we now stand in the vestibule of a vast new technological age—one that, despite its capacity for human destruction, has an equal capacity to make poverty and human misery obsolete. If our efforts are wisely directed—and if our unrelenting efforts for dependable peace begin to attain some success—we can surely become participants in creating an age characterized by justice and rising levels of human well-being.

Over the past year the Soviet Union has expressed an interest in measures to reduce the common peril of war.

While neither we nor any other free world nation can permit ourselves to be misled by pleasant promises until they are tested by performance, yet we approach this apparently new opportunity with the utmost seriousness. We must strive to break the calamitous cycle of frustrations and crises which, if unchecked, could spiral into nuclear disaster: the ultimate insanity.

Though the need for dependable agreements to assure against resort to force in settling disputes is apparent to both sides yet as in other issues dividing men and nations, we cannot expect sudden and revolutionary results. But we must find some place to begin.

One obvious road on which to make a useful start is in the widening of communication between our two peoples. In this field, there are, both sides willing, countless opportunities—most of them well known to us

all—for developing mutual understanding, the true foundation of peace.

Another avenue may be through the reopening, on January 12, of negotiations looking to a controlled ban on the testing of nuclear weapons. Unfortunately, the closing statement from the Soviet scientists who met with our scientists at Geneva in an unsuccessful effort to develop an agreed basis for a test ban gives the clear impression that their conclusions have been politically guided.

Those of the British and American scientific representatives are their own freely formed, individual and collective opinions. I am hopeful that as new negotiations begin, truth—not political optimism—will be the guiding light of the deliberations.

Still another avenue may be found in the field of disarmament, in which the Soviets have professed a readiness to negotiate seriously. They have not, however, made clear the plans they may have, if any, for mutual inspection and verification—the essential condition for any extensive measure of disarmament.

There is one instance where our initiative for peace has recently been successful. A multilateral treaty signed last month provides for the exclusively peaceful use of Antarctica, assured by a system of inspection. It provides for free and cooperative scientific research in that continent, and prohibits nuclear explosions there pending general international agreement on the subject. The treaty is a significant contribution toward peace, international cooperation, and the advancement of science. I shall transmit its text to the Senate for consideration and approval in the near future.

The United States is always ready to participate with the Soviet Union in serious discussion of these or any other subjects that may lead to peace with justice.

Certainly it is not necessary to repeat that the United States has no intention of interfering in the internal affairs of any nation. Likewise we reject any attempt to impose its system on us or on other peoples by force or subversion.

This concern for the freedom of other peoples is the intellectual and spiritual cement which has allied us with more than 40 other nations in a common defense effort. Not for a moment do we forget that our own

fate is firmly fastened to that of these countries; we will not act in any way which would jeopardize our solemn commitments to them.

We and our friends are, of course, concerned with self-defense. Growing out of this concern is the realization that all people of the free world have a great stake in the progress, in freedom, of the uncommitted and newly emerging nations.

These people, desperately hoping to lift themselves to decent levels of living must not, by our neglect, be forced to seek help from, and finally become virtual satellites of, those who proclaim their hostility to freedom.

Their natural desire for a better life must not be frustrated by withholding from them necessary technical and investment assistance. This is a problem to be solved not by America alone, but also by every nation cherishing the same ideals and in a position to provide help.

In recent years America's partners and friends in Western Europe and Japan have made great economic progress. Their newly found economic strength is eloquent testimony to the striking success of the policies of economic cooperation which we and they have pursued.

The international economy of 1960 is markedly different from that of the early post-war years. No longer is the United States the only major industrial country capable of providing substantial amounts of the resources so urgently needed in the newly developing countries.

To remain secure and prosperous themselves, wealthy nations must extend the kind of cooperation to the less fortunate members that will inspire hope, confidence and progress. A rich nation can for a time, without noticeable damage to itself, pursue a course of self-indulgence, making its single goal the material ease and comfort of its own citizens—thus repudiating its own spiritual and material stake in a peaceful and prosperous society of nations. But the enmities it will incur, the isolation into which it will descend, and the internal moral and physical softness that will be engendered, will, in the long term, bring it to disaster.

America did not become great through softness and self-indulgence. Her miracu-

lous progress and achievements flow from other qualities far more worthy and substantial—

adherence to principles and methods consonant with our religious philosophy;

a satisfaction in hard work;

the readiness to sacrifice for worthwhile causes;

the courage to meet every challenge to her progress;

the intellectual honesty and capacity to recognize the true path of her own best interests.

To us and to every nation of the free world, rich or poor, these qualities are necessary today as never before if we are to march together to great security, prosperity and peace.

I believe the industrial countries are ready to participate actively in supplementing the efforts of the developing countries to achieve progress.

The immediate need for this kind of cooperation is underscored by the strain in our international balance of payments. Our surplus from foreign business transactions has in recent years fallen substantially short of the expenditures we make abroad to maintain our military establishments overseas, to finance private investment, and to provide assistance to the less developed nations. In 1959 our deficit in balance of payments approached four billion dollars.

Continuing deficits of anything like this magnitude would, over time, impair our own economic growth and check the forward progress of the free world.

We must meet this situation by promoting a rising volume of exports and world trade. Further, we must include all industrialized nations of the free world to work together in a new cooperative endeavor to help lift the scourge of poverty from less fortunate nations. This will provide for better sharing of this burden and for still further profitable trade.

New nations, and others struggling with the problems of development, will progress only if they demonstrate faith in their own destiny and possess the will and use their own resources to fulfill it. Moreover, progress in a national transformation can be only gradually earned; there is no easy and quick way to follow from the ox cart to the jet plane.

But, just as we drew on Europe for assistance in our earlier years, so now do those new and emerging nations that have this faith and determination deserve help.

Over the last 15 years, 20 nations have gained political independence. Others are doing so each year. Most of them are woefully lacking in technical capacity and in investment capital; without free world support in these matters they cannot effectively progress in freedom.

Respecting their need, one of the major focal points of our concern is the South-Asian region. Here, in two nations alone, are almost 500 million people, all working, and working hard, to raise their standards, and in doing so, to make of themselves a strong bulwark against the spread of an ideology that would destroy liberty.

I cannot express to you the depth of my conviction that, in our own and free world interests, we must cooperate with others to help these people achieve their legitimate ambitions, as expressed in their different multi-year plans. Through the World Bank and other instrumentalities, as well as through individual action by every nation in position to help, we must squarely face this titanic challenge.

All of us must realize, of course, that development in freedom by the newly emerging nations is no mere matter of obtaining outside financial assistance. An indispensable element in this process is a strong and continuing determination on the part of these nations to exercise the national discipline necessary for any sustained development period. These qualities of determination are particularly essential because of the fact that the process of improvement will necessarily be gradual and laborious rather than revolutionary. Moreover, everyone should be aware that the development process is no short-term phenomenon. Many years are required for even the most favorably situated countries.

I shall continue to urge the American people, in the interests of their own security, prosperity and peace, to make sure that their own part of this great project is amply and cheerfully supported. Free-world decisions in this matter may spell the difference between disaster and world progress in freedom.



Other countries, some of which I visited last month, have similar needs.

A common meeting ground is desirable for those nations which are prepared to assist in the development effort. During the past year I have discussed this matter with the leaders of several Western nations.

Because of its wealth of experience, the Organization for European Economic Cooperation could help with initial studies. The goal is to enlist all available economic resources in the industrialized free world—especially private investment capital. But I repeat that this help, no matter how great, can be lastingly effective only if it is used as a supplement to the strength of spirit and will of the people of the newly developing nations.

By extending this help we hope to make possible the enthusiastic enrollment of these nations under freedom's banner. No more startling contrast to a system of sullen satellites could be imagined.

If we grasp this opportunity to build an age of productive partnership between the less fortunate nations and those that have already achieved a high state of economic advancement, we will make brighter the outlook for a world order based upon security, freedom and peace. Otherwise, the outlook could be dark indeed. We face what could be a turning point in history, and we must act decisively.

As a nation we can successfully pursue these objectives only from a position of broadly based strength.

No matter how earnest is our quest for guaranteed peace, we must maintain a high degree of military effectiveness at the same time we are engaged in negotiating the issue of arms reduction. Until tangible and mutually enforceable arms reduction measures are worked out, we will not weaken the means of defending our institutions.

America possesses an enormous defense power. It is my studied conviction that no nation will ever risk general war against us unless we should be so foolish as to neglect the defense forces we now so powerfully support. It is world-wide knowledge that any nation which might be tempted today to attack the United States, even though our country might sustain great losses, would itself promptly suffer a terrible destruction.

But I once again assure all peoples and all nations that the United States, except in defense, will never turn loose this destructive power.

During the past year, our long-range striking power, unmatched today in manned bombers, has taken on new strength as the Atlas intercontinental ballistic missile has entered the operational inventory. In fourteen recent test launchings, at ranges over 5,000 miles, Atlas has been striking on an average within two miles of the target. This is less than the length of a jet runway—well within the circle of total destruction. Incidentally, there was an Atlas firing last night. From all reports so far received its performance conformed to the high standard I just described. Such performance is a great tribute to American scientists and engineers, who in the past five years have had to telescope time and technology to develop these long-range ballistic missiles, where America had none before.

This year, moreover, growing numbers of nuclear-powered submarines will enter our active forces, some to be armed with Polaris missiles. These remarkable ships and weapons, ranging the oceans, will be capable of accurate fire on targets virtually anywhere on earth. Impossible to destroy by surprise attack, they will become one of our most effective sentinels for peace.

To meet situations of less than general nuclear war, we continue to maintain our carrier forces, our many service units abroad, our always ready Army Strategic Forces and Marine Corps divisions, and the civilian components. The continuing modernization of these forces is a costly but necessary process, and is scheduled to go forward at a rate which will steadily add to our strength.

The deployment of a portion of these forces beyond our shores, on land and sea, is persuasive demonstration of our determination to stand shoulder-to-shoulder with our allies for collective security. Moreover, I have directed that steps be taken to program our military assistance to these allies on a longer range basis. This is necessary for a sounder collective defense system.

Next I refer to our effort in space exploration, which is often mistakenly supposed to be an integral part of defense research and development.

First, America has made great contributions in the past two years to the world's fund of knowledge of astrophysics and space science. These discoveries are of present interest chiefly to the scientific community; but they are important foundation-stones for more extensive exploration of outer space for the ultimate benefit of all mankind.

Second, our military missile program, going forward successfully, does not suffer from our present lack of very large rocket engines, which are so necessary in distant space exploration. I am assured by experts that the thrust of our present missiles is fully adequate for defense requirements.

Third, the United States is pressing forward in the development of large rocket engines to place much heavier vehicles into space for exploration purposes.

Fourth, in the meantime, it is necessary to remember that we have only begun to probe the environment immediately surrounding the earth. Using launch systems presently available, we are developing satellites to scout the world's weather; satellite relay stations to facilitate and extend communications over the globe; navigation aids to give accurate bearings to ships and aircraft; and for perfecting instruments to collect and transmit the data we seek. This is the area holding the most promise for early and useful applications of space technology.

Fifth, we have just completed a year's experience with our new space law. I believe it deficient in certain particulars and suggested improvements will be submitted shortly.

The accomplishment of the many tasks I have alluded to requires the continuous strengthening of the spiritual, intellectual, and economic sinews of American life. The steady purpose of our society is to assure justice, before God, for every individual. We must be ever alert that freedom does not wither through the careless amassing of restrictive controls or the lack of courage to deal boldly with the giant issues of the day.

A year ago, when I met with you, the nation was emerging from an economic downturn, even though the signs of resurgent prosperity were not then sufficiently convincing to the doubtful. Today our surging strength is apparent to everyone. 1960

promises to be the most prosperous year in our history.

Yet we continue to be afflicted by nagging disorders.

Among current problems that require solution are:

¶ The need to protect the public interest in situations of prolonged labor-management stalemate;

¶ The persistent refusal to come to grips with a critical problem in one sector of American agriculture;

¶ The continuing threat of inflation, together with the persisting tendency toward fiscal irresponsibility;

¶ In certain instances the denial to some of our citizens of equal protection of the law.

Every American was disturbed by the prolonged dispute in the steel industry and the protracted delay in reaching a settlement.

We are all relieved that a settlement has at last been achieved in that industry. Percentagewise, by this settlement the increase to the steel companies in employment costs is lower than in any prior wage settlement since World War II. It is also gratifying to note that despite the increase in wages and benefits several of the major steel producers have announced that there will be no increase in steel prices at this time. The national interest demands that in the period of industrial peace which has been assured by the new contract, both management and labor make every possible effort to increase efficiency and productivity in the manufacture of steel so that price increases can be avoided.

One of the lessons of this story is that the potential danger to the entire nation of longer and greater strikes must be met. To insure against such possibilities we must of course depend primarily upon the good common sense of the responsible individuals. It is my intention to encourage regular discussions between management and labor outside the bargaining table, to consider the interest of the public as well as their mutual interest in the maintenance of industrial peace, price stability and economic growth.

To me, it seems almost absurd for the United States to recognize the need, and so earnestly to seek, for cooperation among the nations unless we can achieve voluntary, de-

pendable, abiding cooperation among the important segments of our own free society.

Failure to face up to basic issues in areas other than those of labor-management can cause serious strains on the firm freedom supports of our society.

I refer to agriculture as one of these areas.

Our basic farm laws were written 27 years ago, in an emergency effort to redress hardship caused by a world-wide depression. They were continued—and their economic distortions intensified—during World War II in order to provide incentives for production of food needed to sustain a war-torn free world.

Today our farm problem is totally different. It is that of effectively adjusting to the changes caused by a scientific revolution. When the original farm laws were written, an hour's farm labor produced only one-fourth as much wheat as at present. Farm legislation is woefully out of date, ineffective and expensive.

For years we have gone on with an outmoded system which not only has failed to protect farm income, but also has produced soaring, threatening surpluses. Our farms have been left producing for war while America has long been at peace.

Once again I urge Congress to enact legislation that will gear production more closely to markets, make costly surpluses more manageable, provide greater freedom in farm operations, and steadily achieve increased net farm incomes.

Another issue that we must meet squarely is that of living within our means. This requires restraint in expenditure, constant reassessment of priorities, and the maintenance of stable prices.

We must prevent inflation. Here is an opponent of so many guises that it is sometimes difficult to recognize. But our clear need is to stop continuous and general price rises—a need that all of us can see and feel.

To prevent steadily rising costs and prices calls for stern self-discipline by every citizen. No person, city, state, or organized group can afford to evade the obligation to resist inflation, for every American pays its crippling tax.

Inflation's ravages do not end at the water's edge. Increases in prices of the goods we sell abroad threaten to drive us out of

markets that once were securely ours. Whether domestic prices, so high as to be noncompetitive, result from demands for too-high profit margins or from increased labor costs that outrun growth in productivity, the final result is seriously damaging to the nation.

We must fight inflation as we would a fire that imperils our home. Only by so doing can we prevent it from destroying our salaries, savings, pensions and insurance, and from gnawing away the very roots of a free, healthy economy and the nation's security.

One major method by which the Federal Government can counter inflation and rising prices is to insure that its expenditures are below its revenues. The debt with which we are now confronted is about \$290,000,000,000. With interest charges alone now costing taxpayers about \$9,500,000,000, it is clear that this debt growth must stop. You will be glad to know that despite the unsettling influences of the recent steel strike, we estimate that our accounts will show, on June 30, this year, a favorable balance of approximately \$200,000,000.

I shall present to the Congress for 1961 a balanced budget. In the area of defense, expenditures continue at the record peacetime levels of the last several years. With a single exception, expenditures in every major category of health, education and welfare will be equal or greater than last year. In space expenditures the amounts are practically doubled. But the over-all guiding goal of this budget is national need—not response to specific group, local or political insistence.

Expenditure increases, other than those I have indicated, are largely accounted for by the increased cost of legislation previously enacted.

I repeat: This budget will be a balanced one. Expenditures will be \$79,800,000,000. The amount of income over outgo described in the budget as a surplus to be applied against our national debt is \$4,200,000,000.

Personally, I do not feel that any amount can be properly called a surplus as long as the nation is in debt. I prefer to think of such an item as a reduction on our children's inherited mortgage. And once we have established such payments as normal practice we can profitably make improvements in our

tax structure and thereby truly reduce the heavy burdens of taxation.

In any event, this one reduction will save taxpayers each year approximately \$200,000,000 in interest costs.

This budget will help ease pressures in our credit and capital markets. It will enhance the confidence of people all over the world in the strength of our economy and our currency and in our individual and collective ability to be fiscally responsible.

In the management of the huge public debt the Treasury is unfortunately not free of artificial barriers. Its ability to deal with the difficult problems in this field has been weakened greatly by the unwillingness of the Congress to remove archaic restrictions. The need for a freer hand in debt management is even more urgent today because the costs of the undesirable financing practices which the Treasury has been forced into are mounting. Removal of this roadblock has high priority in my legislative recommendations.

Still another issue relates to civil rights.

In all our hopes and plans for a better world we all recognize that provincial and racial prejudices must be combatted. In the long perspective of history, the right to vote has been one of the strongest pillars of a free society. Our first duty is to protect this right against all encroachment. In spite of constitutional guarantees, and notwithstanding much progress of recent years, bias still deprives some persons in this country of equal protection of the laws.

Early in your last session, I recommended legislation which would help eliminate several practices discriminating against the basic rights of Americans. The Civil Rights Commission has developed additional constructive recommendations. I hope that these will be among the matters to be seriously considered in the current session. I trust that Congress will thus signal to the world that our Government is striving for equality under law for all our people.

Each year and in many ways our nation continues to undergo profound change and growth.

In the past 18 months, we have hailed the entry of two more states of the Union—Alaska and Hawaii. We salute these two Western stars proudly.

Our vigorous expansion, which we all wel-

come as a sign of health and vitality, is many-sided. We are, for example, witnessing explosive growth in metropolitan areas.

By 1975 the metropolitan areas of the United States will occupy twice the territory they do today. The roster of urban problems with which they must cope is staggering. They involve water supply, cleaning the air, adjusting local tax systems, providing for essential educational, cultural, and social services, and destroying those conditions which breed delinquency and crime.

In meeting these, we must, if we value our historic freedoms, keep within the traditional framework of our federal system with powers divided between the national and state governments. The uniqueness of this system may confound the casual observer, but it has worked effectively for nearly 200 years.

I do not doubt that our urban and other perplexing problems can be solved in the traditional American method. In doing so we must realize that nothing is really solved and ruinous tendencies are set in motion by yielding to the deceptive bait of the "easy" federal tax dollar.

Our educational system provides a ready example. All recognize the vital necessity of having modern school plants, well-qualified and adequately compensated teachers, and of using the best possible teaching techniques and curricula.

We cannot be complacent about educating our youth.

But the route to better-trained minds is not through the swift administration of a Federal hypodermic or sustained financial transfusion. The educational process, essentially a local and personal responsibility, cannot be made to leap ahead by crash, centralized governmental action.

The Administration has proposed a carefully reasoned program for helping eliminate current deficiencies. It is designed to stimulate classroom construction, not by substitution of federal dollars for state and local funds, but by incentives to extend and encourage state and local efforts. This approach rejects the notion of federal domination or control. It is workable, and should appeal to every American interested in advancement of our educational system in the traditional American way. I urge the Congress to take action upon it.



There is one other subject concerning which I renew a recommendation I made in my State of the Union Message last January. I then advised the Congress of my purpose to intensify our efforts to replace force with a rule of law among nations. From many discussions abroad, I am convinced that purpose is widely and deeply shared by other peoples and nations of the world.

In the same message, I stated that our efforts would include a re-examination of our own relation to the International Court of Justice. The Court was established by the United Nations to decide international legal disputes between nations. In 1946 we accepted the Court's jurisdiction, but subject to a reservation of the right to determine unilaterally whether a matter lies essentially within domestic jurisdiction. There is pending before the Senate a resolution which would repeal our present self-judging reservation. I support that resolution and urge its prompt passage. If this is done, I intend to urge similar acceptance by every member of the United Nations.

Here perhaps it is not amiss for me to say to the members of the Congress, in this my final year of office, a word about the institutions we respectively represent and the meaning which the relationship between our two branches has for the days ahead.

I am not unique as a President in having worked with a Congress controlled by the opposition party—except that no other President ever did it for quite so long! Yet in both personal and official relationships we have weathered the storms of the past five years. For this I am grateful.

My deep concern in the next twelve months, before my successor takes office, is with our joint Congressional-Executive duty to our own and to other nations. Acting upon the beliefs I have expressed here today, I shall devote my full energies to the tasks at hand, whether these involve travel for promoting greater world understanding, negotiations to reduce international discord, or constant discussions and communications with the Congress and the American people on issues both domestic and foreign.

In pursuit of these objectives, I look forward to, and shall dedicate myself to, a close and constructive association with the Congress.

Every minute spent in irrelevant inter-branch wrangling is precious time taken from the intelligent initiation and adoption of coherent policies for our national survival and progress.

We seek a common goal—brighter opportunity for our own citizens and a world peace with justice for all.

Before us and our friends is the challenge of an ideology which, for more than four decades, has trumpeted abroad its purpose of gaining ultimate victory over all forms of government at variance with its own.

We realize that however much we repudiate the tenets of imperialistic communism, it represents a gigantic enterprise, grimly pursued by leaders who compel its subjects to subordinate their freedom of action and spirit and personal desire for some hoped-for advantage in the future.

The Communists can present an array of material accomplishments over the past 15 years that lends a false persuasiveness to many of their glittering promises to the uncommitted peoples.

The competition they provide is formidable.

But in our scale of values we place freedom first—our whole national existence and development have been geared to that basic concept and are responsible for the position of free world leadership to which we have succeeded. Freedom is the highest prize that any nation can possess; it is one that communism can never offer. And America's record of material accomplishment in freedom is written not only in the unparalleled prosperity of our nation, but in the many billions we have devoted to the reconstruction of free world economics wrecked by World War II and in the effective help of many more billions we have given in saving the independence of many others threatened by outside domination. Assuredly we have the capacity for handling the problems in the new era of the world's history we are now entering.

But we must use that capacity intelligently and tirelessly, regardless of personal sacrifice.

The fissure that divides our political planet is deep and wide.

We live, moreover, in a sea of semantic disorder in which old labels no longer faithfully describe.

Police states are called "people's democracies."

Armed conquest of free people is called "liberation."

Such slippery slogans make more difficult the problem of communicating true faith, facts and beliefs.

We must make clear our peaceful intentions, our aspirations for a better world. So doing, we must use language to enlighten the mind, not as the instrument of the studied innuendo and distorter of truth.

And we must live by what we say.

On my recent visit to distant lands I found one statesman after another eager to tell me of the elements of their government that had been borrowed from our American Constitu-

tion and from the indestructible ideals set forth in our Declaration of Independence.

As a nation we take pride that our own constitutional system, and the ideals which sustain it, have been long viewed as a fountainhead of freedom.

By our every action we must strive to make ourselves worthy of this trust, ever mindful that an accumulation of seemingly minor encroachments upon freedom gradually could break down the entire fabric of a free society.

So persuaded, we shall get on with the task before us.

So dedicated, and with faith in the Almighty, humanity shall one day achieve the unity of freedom to which all men have aspired from the dawn of time.

(Continued from page 154)

indicated willingness to indemnify the victims of the incident.

#### Conflict over Belize

Latent and less dramatic is the problem of Belize (British Honduras). The government of Guatemala has been vociferously and belligerently asserting her claims to the area. Mexican scholars and diplomats have been filling the record with Mexican claims to a part of the disputed territory based largely on the fact that the area was a part of the Captaincy General of Yucatán during colonial times. While sympathizing with

Guatemala in its controversy with Great Britain in reference to its rights to the portion which (according to the Mexicans) belongs to Guatemala, the Mexicans are prepared to assert their claim in the event of any change of status of Belize. However, at the United Nations Padilla Nervo has indicated that Mexico would not be averse to a solution based on the liberty and independence of the local inhabitants.

In her difficulties with Guatemala Mexico has endeavored conscientiously to put into practice the lofty principles of international conduct which she has advocated for others and professed as her own.

(Continued from page 171)

In assessing the reasons for Nehru's influence, the author states: "The older politicians in the Congress value his loyalty, the younger ones look to him for inspiration; the Right wing finds him indispensable, the Left wing has always considered him amenable; he was and is reasonable enough for capitalists, radical enough for most socialists; and the peasants view him as their main hope for land reform. Intellectuals, of course, see him as the bridge between tradition and the modern world."

This is the biography at its best, a study of one of the world's outstanding personalities unlikely to be improved upon.

A.Z.R.

#### LIGHT FROM THE ANCIENT PAST.

The Archeological Background of the Hebrew-Christian Religion. By JACK FINEGAN. Illustrated (Princeton: Princeton University Press, 1959. 598 pages with indexes, \$10.00.)

In the second revised edition of a work that first appeared in 1946, Mr. Finegan has enlarged upon the original scope of the book. He has presented a wealth of material on the archeological background of the Hebraic-Christian traditions. Evidence of this type makes an invaluable contribution because this author has traced the inter-relationship of archeological discoveries with the history of the early Hebraic-Christian period.

## The Month in Review

### INTERNATIONAL

#### Berlin Crisis

Jan. 11—Chancellor Adenauer tells the West Berlin parliament that the Western proposals on Berlin offered at the Geneva foreign ministers' conference last summer are no longer open for discussion.

#### Committee on Space Research (COSPAR)

Jan. 9—Netherlands Professor H. C. Van Der Hoult, president of COSPAR, announces that Russian, Polish and Czech scientists have agreed to cooperate with Western scientists on fundamental space research. COSPAR was set up to continue scientific cooperation after the close of the International Geophysical Year.

#### Disarmament

Jan. 12—Talks on a nuclear test ban treaty are resumed in Geneva.

Jan. 20—It is reported that the Russians have surrendered some demands for veto rights in operating a control and detection system.

Jan. 25—Representatives of the U.S., Britain, Canada, France and Italy meet in Washington to discuss revision of the Western disarmament position before meeting with five Communist bloc nations in Geneva March 15.

Jan. 27—Soviet negotiator Semyon K. Tsarapkin rejects all suggestions from the Western nations for a partial nuclear test ban. The West has suggested banning all tests except for small underground nuclear explosions.

#### United Nations

Jan. 12—The United Nations representative for the World Refugee Year reveals that 72 nations and territories are cooperating with the U.N. to help the refugees.

Jan. 26—The Security Council unanimously approves a resolution to admit the Cam-

eroon as the eighty-third member of the U.N. The General Assembly must also approve the resolution when it meets in September.

Jan. 28—A U.N. subcommission on prevention of discrimination and protection of minorities strongly condemns recent outbreaks of anti-Semitism after a 2-day debate.

#### West Europe

Jan. 7—The treaty establishing the European Free Trade Association (Outer Seven) is signed by Sweden, last of the seven nations to sign. The seven parliaments now must ratify the treaty.

Jan. 12—At a meeting of the Special Economic Committee U.S. Under Secretary of State Douglas Dillon suggests that the U.S. and West European nations cooperate more closely, for their own economic well-being and to aid underdeveloped nations.

Jan. 14—The U.S., Canada and 11 nations of West Europe agree to reorganize the framework of European economic cooperation. Other members of the Organization for European Economic Cooperation approve the U.S.-sponsored plan for reorganization.

### AFGHANISTAN

Jan. 10 — Foreign Minister Mohammad Naim, in Pakistan for talks with government leaders, is feted at a dinner.

Jan. 25—Continued conflict between tribesmen and army troops in Kandahar Province is reported.

### ARGENTINA

Jan. 25—Juan D. Perón, former Argentine dictator, leaves his exile in Brazil to visit Spain.

### AUSTRIA

Jan. 14—The U.S. Senate is asked to ratify a treaty providing for the return of \$6 mil-

lion worth of Austrian property confiscated during World War II.

## BELGIUM

Jan. 2—King Baudouin returns to Brussels after a 16-day visit to the Belgian Congo.

Jan. 29—A 24-hour strike is staged by Socialist unions to demand that a national social and economic council be convened to act on welfare legislation.

### Belgian Congo

Jan. 7—The meeting between Belgian and Congolese Nationalist leaders is postponed until about January 20.

Renewed fighting breaks out between Lulua and Baluba tribesmen.

Jan. 17—An emergency is declared in the province of Kasai because of clashes between Lulus and Balubas.

Jan. 10—Patrice Lumumba, president of the Congolese National Movement, is tried for rousing African mobs to violent action.

Jan. 20—In Brussels at the Congress Palace, 44 Congolese leaders discuss greater independence for the Congo with leaders of the Belgian government.

Jan. 21—Lumumba is sentenced to 6 months in jail.

Jan. 22—Round table talks between Belgian and Congolese leaders continue. Minister for the Congo August de Schryver declares that he will present any bills, favored by a majority of the delegates, to the parliament.

Jan. 25—Lumumba is given "provisional liberty" to attend the Brussels talks.

Jan. 27—Belgian and Congolese conferees set June 30 as the date for Congo independence.

## BRAZIL

Jan. 23—Mexican President Adolfo Lopez Mateos signs an agreement in Rio de Janeiro with Brazilian President Juscelino Kubitschek to combat underdevelopment in Latin America.

## BRITISH COMMONWEALTH OF NATIONS

### Canada

Jan. 2—Premier Paul Sauvé of Quebec dies of a heart attack after 4 months in office.

Jan. 8—Antonio Barrette is sworn in as Quebec's eighteenth premier.

Jan. 14—Governor General George P. Vanier opens the Twenty-fourth Parliament's third session.

### Ceylon

Jan. 6—Prime Minister Wijayananda Dahanayake replaces five members of his caretaker cabinet.

### Ghana

Jan. 6—British Prime Minister Harold Macmillan is welcomed in Accra.

Jan. 7—Prime Minister Kwame Nkrumah says Ghana will surrender sovereignty to an African union.

Jan. 8—Nkrumah assumes executive direction of his Convention People's party and says that the government is "only an agent" of the party.

Jan. 9—Nkrumah asks Britain for financial aid and for help in "liberating" the remaining colonial territories in Africa.

Jan. 15—The first two ships of the Ghanaian Navy are christened.

Jan. 20—Three Russian experts arrive in Accra to help build the plant for the state-run Industrial Development Corporation.

A Government bill published in Accra calls for the establishment of a republic in Ghana July 1.

### Great Britain

Jan. 5—Prime Minister Harold Macmillan leaves for an 18,000-mile African tour. (See also *Ghana, Nigeria, Federation of Rhodesia and Nyasaland, South Africa, and Swaziland.*)

Jan. 7—Union Movement (Fascist) leader Oswald Mosley denies that his party is anti-Semitic but blames current anti-Semitism on Jewish actions.

Jan. 9—Macmillan speaks at Accra.

Jan. 10—At the end of his Ghana visit, Macmillan defends the French right to test a nuclear bomb in a remote area of the Sahara.

Jan. 17—Thousands parade before the West German Embassy in London in protest against German anti-Semitism.

Jan. 21—The bank rate, analogous to the U.S. Federal Reserve Board's discount rate, is raised from 4 to 5 per cent.



## India

Jan. 8 — Prime Minister Jawaharlal Nehru says he will refuse to meet Chinese Premier Chou En-lai in the near future.

Jan. 11 — India and Pakistan reveal substantial agreement on their western border and security forces along the boundary.

Jan. 14 — Speaking to the sixty-fifth annual Congress party convention, Nehru says that India must follow a socialistic path.

Jan. 20 — Russian officials led by Marshal Kliment Y. Voroshilov begin an 18-day tour of India and Nepal.

Jan. 21 — Air India announces that trans-Atlantic service will begin May 14.

Jan. 26 — India's Supreme Court jurisdiction is extended to Kashmir.

India celebrates her tenth anniversary as a republic.

## Pakistan

Jan. 15 — It is revealed at the U.N. that Pakistan will not allow an Israeli observer to attend a U.N. meeting planned for Karachi; the meeting will therefore be held elsewhere.

Jan. 24 — Foreign Minister Manzoon Qadir says that the rules of the U.N. do not obligate Pakistan to permit attendance by an observer. Israel is not recognized by the Islamic Republic of Pakistan.

## Union of South Africa

Jan. 15 — Governor General Charles R. Swart tells the opening session of Parliament that the government wants to cooperate with all states and territories of Africa in "matters of common concern."

Jan. 24 — Nine policemen are killed and 3 are injured by rioting Africans in Durban.

Jan. 27 — British Prime Minister Harold Macmillan arrives in Johannesburg.

## BRITISH EMPIRE, THE

## Basutoland

Jan. 20 — The first elections based on a common roll with adult suffrage are held in this British-protected enclave in the Union of South Africa.

Jan. 24 — Paramount Chief Mantsebo Seeiso agrees to let her stepson, Constantine Bereng, replace her.

Jan. 26 — The Basutoland Congress party

wins a 22-seat majority in the elections for the district councils. District councilors will choose half the members of an 80-member National Council. The other 40 members will be nominated; all but 4 members of the Council will be Africans, who will have limited legislative authority.

## Cyprus

Jan. 5 — It is officially announced that elections for the House of Representatives will be held February 8 and elections for the Greek Cypriote and Turkish Cypriote Communal Chambers will be held February 10.

Jan. 6 — Britain reveals that a conference on Cyprus will begin in London January 16.

Jan. 10 — Governor Sir Hugh Foot describes the benefits to Cyprus of retaining two military bases under British sovereignty. President-elect Makarios is opposed to the bases.

Jan. 13 — Makarios arrives in London.

Jan. 18 — It is announced in London that Cypriote independence has been postponed a month until March 19 because of a controversy over the British bases to remain as enclaves on the island.

Jan. 19 — Authoritative sources in London say that commonwealth status is included in the Cypriote independence bill.

Jan. 28 — Talks in London on independence for Cyprus end; Makarios will discuss the British offers on bases with his Cypriote supporters. Agreement has not been reached and independence may be postponed.

Jan. 30 — As Makarios leaves London, he reiterates his belief that "Cyprus should continue to be a single economic and administrative unit." The size of the British enclaves and the extent of British sovereignty are in question.

## Federation of Rhodesia and Nyasaland

Jan. 13 — At a press conference in Nigeria, British Prime Minister Macmillan says that Britain will continue to protect Africans in the Federation until the Africans can vote.

Jan. 18 — Africans and Europeans clash in Salisbury as Macmillan arrives.

Jan. 19 — Speaking at a mass meeting in Salisbury, Macmillan again promises that

Britain will not surrender power to a federation until all the peoples express a desire "to enter into a full and independent federation."

Jan. 21—African hostility is demonstrated as Macmillan arrives in Lusaka, Northern Rhodesia.

Jan. 25—Macmillan is greeted by hostile crowds in Nyasaland.

Jan. 20—The government of Northern Rhodesia reveals that the African Representative Council to advise the Governor is to be abolished. Other arrangements are to be made, according to a government spokesman.

#### Jamaica

Jan. 9—Prime Minister Norman W. Manley arrives in London to discuss the proposed independent West Indian Federation.

#### Kenya

Jan. 12—The state of emergency of more than seven years is formally ended, with a proclamation signed by Governor General Sir Patrick Renison.

Jan. 18—A conference on the future of Kenya opens in London; the 14-member African delegation is led by Tom Mboya and advised by American Thurgood Marshall, chief counsel of the U.S. National Association for the Advancement of Colored People. A second adviser, Peter Mbiyu Koinage, is not considered acceptable to the British government, which holds him responsible in part for the Mau Mau terrorism.

Jan. 22—A compromise is worked out under which Koinage will be admitted to committee rooms in Lancaster House but will not attend conference sessions on the future of Kenya. United party delegates find the compromise unacceptable.

Jan. 25—Representatives of the various groups discussing the future of Kenya in London finally deliver their policy speeches.

Jan. 26—Asian Ibrahim Nathoo, a member of the New Kenya group, says that a constitution imposed on Kenya over African objection will not work, apparently endorsing a one-man, one-vote franchise.

#### Nigeria

Jan. 11—British Prime Minister Harold Macmillan arrives in Nigeria.

Jan. 13—Macmillan addresses the Nigerian Parliament.

Prime Minister Sir Abubakar Tafawa Balewa rejects Ghanaian Prime Minister Kwame Nkrumah's suggestion for an African union.

Jan. 16—Parliament formally asks the British government to grant Nigerian independence in October, and to sponsor Commonwealth membership at an appropriate time.

#### Swaziland

Jan. 30—British Prime Minister Harold Macmillan is warmly welcomed at Goedgegun.

#### Uganda

Jan. 19—Rioting mobs protest new tax assessments in the Bukedi district; three chiefs are reported killed. Taxes are imposed by the local government.

Jan. 20—Police fire on rioters in eastern Uganda.

Jan. 21—Some 500 persons are arrested in connection with riots against new tax assessments.

#### BURMA

Jan. 26—General Ne Win confers in Peking with Red Chinese Premier Chou En-lai.

Jan. 28—Burma and Red China sign a treaty of friendship and non-aggression in Peking.

Jan. 31—It is reported that, in the treaty signed with Burma last week, Red China tacitly recognized the McMahon line as Burma's northern frontier.

#### CHILE

Jan. 1—A new monetary unit, the escudo, worth \$.95 U.S., goes into circulation.

#### CHINA (Nationalist)

Jan. 10—President Chiang Kai-shek schedules a meeting of the National Assembly for February 20 to select a new president.

#### CHINA (The People's Republic)

Jan. 1—It is reported that yesterday rail service to Hami in Sinkiang province was opened, as part of the trans-Sinkiang railway.

Jan. 10—U.S. intelligence sources report that Red China will launch a satellite in the next 2 years.

Jan. 13—It is reported from a story in the Chinese Communist party paper, *Jenmin Jihpao*, that over 2 million nomads in the Central Asian border areas have been permanently settled.

Jan. 18—East Germany and Red China sign a 2-year trade agreement.

Jan. 19—U.S. Ambassador to Poland Jacob D. Beam meets with Communist Chinese Wang Ping-nan in Warsaw to continue talks that began September, 1958.

Jan. 20—It is reported that the Communist paper *Ta Kung Pao* has disclosed that Red China did not fulfill its grain production quota for 1959.

Jan. 21—U.S. Secretary of State Christian A. Herter declares that any East-West disarmament agreement must include Red China. Such inclusion, he continues, would not indicate U.S. recognition of the Mao government.

Red China affirms that it would not be bound by any disarmament agreement reached without its participation.

Jan. 22—*Hsinhua* (New China news agency) reports that the most important goals of the second five year plan, begun in 1958, have been fulfilled after two years. Steel production rose in 1959 to 13,350,000 metric tons from the 1958 figure of 8,000,000.

Jan. 23—A Peking mass rally protests the U.S.-Japanese security treaty.

Jan. 25—*Hsinhua* reports that China and Indonesia have ratified a 1955 treaty providing that Chinese in Indonesia with "dual nationality" must choose either Indonesian or Chinese citizenship.

## CUBA

Jan. 1—Premier Fidel Castro celebrates the first year of his coming to power.

Jan. 6—Cuba takes over 70,000 acres of land owned by a U.S. sugar company.

Jan. 11—The U.S. protests against Cuba's seizure of U.S.-owned lands.

Jan. 13—Cuba charges that a plane, which yesterday bombed sugar fields 50 miles outside of Havana, is registered in North America.

Jan. 17—It is announced that the U.A.R. has agreed to cooperate with Cuba in calling and organizing a conference in September of the underdeveloped nations of Africa, Asia and Latin America.

Jan. 20—U.S. Secretary of State Christian Herter expresses concern over relations with Cuba following Premier Castro's televised broadcast yesterday, in which he attacked the U.S. for abetting counter-revolutionary activities against his government.

U.S. Ambassador to Cuba Philip Bonsal is called to Washington for discussions.

Jan. 23—Herter confers with U.S. President Eisenhower on the situation in Cuba.

Jan. 24—It is reported that the Confederation of Cuban Workers has named a committee to purge anti-Communists from the Confederation's offices.

Jan. 26—Eisenhower declares that the U.S. will not intervene in Cuban affairs or threaten economic reprisals.

## DOMINICAN REPUBLIC

Jan. 28—It is reported that Generalissimo Rafael Leonidas Trujillo Molina's government has rounded up from one thousand to two thousand persons involved in a plot against Trujillo.

## ETHIOPIA

Jan. 29—Emperor Haile Selassie, in an interview in his palace, urges the heads of the big powers to keep the smaller countries of the world accurately informed on negotiations concerning issues of international concern.

## FRANCE

Jan. 1—The Bank of France issues a new currency, the 20 cent franc, which goes into effect today. The franc is valued at 5 to the \$1 U.S. (as opposed to the old rate of 500 to \$1 U.S.).

Jan. 6—The White House announces that President Charles de Gaulle will visit the U.S. in April.

Jan. 12—It is reported that de Gaulle has removed Antoine Pinay as finance minister, but has asked him to remain in the cabinet as a minister of state. Governor of the Bank of France Wilfrid Baumgartner is asked to succeed Pinay.

Jan. 13—Pinay refuses the post of minister of state. Baumgartner agrees to accept the finance ministry offer.

Jan. 27—De Gaulle receives some indications of support from both right-wing and left-

wing groups in France for refusing to appease rightists in Algeria, who revolted against de Gaulle's policy to give eventual self-determination to Algeria 3 days ago. (See also *France Overseas, Algeria*.)

## FRANCE OVERSEAS

### Algeria

Jan. 14—It is announced that de Gaulle has scheduled a special cabinet session to discuss the Algerian problem.

Jan. 19—French commander in Algiers Major General Jacques Massu is called to Paris because he publicly voiced his opposition to de Gaulle's program of letting Algerians determine their own future. Massu's statements were published in *Sueddeutsche Zeitung* in Munich.

The Algerian Provisional Government announces that it has reorganized its officers: die-hard leaders have been replaced by moderates.

Jan. 21—Georges Bidault, ex-premier and head of French resistance to de Gaulle's Algerian policy, is prohibited from making a trip to Algeria until February 1.

Groups of French European "ultras" in Algeria express their criticisms of de Gaulle.

Jan. 22—General Massu is relieved of his duties as military and civilian commander in Algiers, following de Gaulle's top-level conference with civil and military leaders. It is announced that Lt. General Jean Crepin will succeed Massu. It is also announced that France will continue to press the Algerian war to an end so that Algerians may choose their own future.

Jan. 25—A state of seige is declared in Algiers following rioting between European "ultras" and police.

De Gaulle tells European extremists to cease their resistance.

Some 2,500 Europeans in Algiers barricade themselves against French paratroopers.

Demonstrators, numbering some 2,000, riot in Oran.

Jan. 26—It is announced that French Foreign Minister Debré left yesterday for Algeria.

An estimated 3,000–7,000 European rightist insurgents remain behind their barricade in Algiers for an undisturbed 48

hours. French troops take no action against them. It is reported that French army leaders have informed Debré that French troops will not be used against the Europeans.

It is disclosed that although the government's determination to stand by its policy for eventual self-determination for Algeria has been affirmed by de Gaulle, French troops have not been ordered to rout insurgent European extremists in Algiers.

Jan. 28—Delegate General to Algeria Paul Delouvrier's appeal to European rightist leaders for a friendly reconciliation is disclaimed by the French government. De Gaulle remains determined to prosecute all seditionists.

Delouvrier and Algerian Supreme Commander General Maurice Challe are ordered from Algiers to a secret post.

Jan. 29—In a radio and television broadcast, President Charles de Gaulle calls on the French army and the French people to support his program for Algeria. He declares that the Algerian war must be fought not only against the nationalists, but against the French European extremists as well. He tells the army that their "duty" is "to attain" order in Algeria.

Delouvrier appeals to Muslims and Europeans to support de Gaulle.

The French rightist Independent party's National Council gives support to French European insurgents in Algeria.

Major André Sapin-Lignieres, head of the home guardsmen, orders them to reorganize, i.e., in effect to withdraw from the European insurgent barricade.

The Algerian Provisional Government tells Algerian Muslims to avoid taking sides in the insurrection.

Jan. 30—European rebels declare that their commander, Pierre Lagailarde, has rejected de Gaulle's "ultimatum."

Jan. 31—Brigadier General Kleber Toulouse is named the new commander in Algiers, succeeding General Gracieux, who had been in charge of security in Algiers.

It is revealed that European insurgent leaders have been seeking a way to end their revolt; de Gaulle reportedly continues to refuse to make any concession to the European extremists.

French army reinforcements are brought into Algiers. The new troops gain



control of demonstrators and close off the barricaded area under European insurgent rule.

# FRENCH OVERSEAS COMMUNITY, THE Cameroon

Jan. 1—Cameroonian independence is proclaimed.

Violence rages anew, causing 5 deaths.

Jan. 12—French troops are sent reinforcements to help rout rebels in the southwestern area.

Jan. 18—Premier Ahmadou Ahidjo declares that he is responsible for calling up French troop reinforcements.

## Mali Federation

Jan. 18—Mali leaders open discussions with France on full independence for Mali.

# GERMANY, FEDERAL REPUBLIC OF (WEST)

Jan. 2—Anti-Semitic activities are reported from various parts of Germany.

Jan. 6—Anti-Semitic incidents spread through West Germany. It is announced that the government will ask Parliament to adopt a bill to provide penalties for such acts.

Jan. 8—In a torchlight procession of "tens of thousands," Berlin boys and girls protest a resurgent anti-Semitism.

Jan. 19—It is disclosed that last week an attempt was made, unsuccessfully, to set fire to a synagogue in Amberg.

Jan. 20—The Bundestag condemns recent anti-Semitic "vandalism."

# GERMANY, PEOPLE'S REPUBLIC of (EAST)

Jan. 15—Intelligence sources are reported to have learned that East Germany is sponsoring an extensive Communist infiltration program in West Germany. It is revealed that some 17,000 Communists are operating in West Germany.

Jan. 25—Bishop Otto Dibelius of Berlin and Brandenburg announces that he will resign from his church offices.

## HUNGARY

Jan. 16—Cabinet changes are announced: Agriculture Minister Imre Dogei is named

ambassador to Communist China and North Vietnam. Pal Losonczy succeeds to the agricultural ministry.

Jan. 26—It is disclosed that in 1959 Hungarian industrial production rose by 11 per cent; personal income, by 9 per cent.

## ICELAND

Jan. 23—Iceland and the U.S.S.R. sign a 2-year trade pact.

# INDONESIA (See also *China, People's Republic of*)

Jan. 1—A ruling prohibiting Chinese aliens from engaging in retail trade in Indonesia's rural areas takes effect.

Jan. 12—President Sukarno issues 3 decrees under which he assumes the authority to abolish political parties which do not fill specific conditions; he will form and lead a national front; and he will call a Provisional People's Consultative Assembly, with representatives appointed and dismissed by him.

Jan. 25—Foreign Minister Subandrio announces that Chinese aliens can resume trade operations if they adopt Indonesian citizenship.

Jan. 27—A Red Chinese suggestion to set up a joint committee to discuss the Chinese aliens' plight is rejected by the Indonesian government.

Jan. 28—The U.S. Export-Import Bank announces a \$47,500,000 loan to Indonesia for the construction of a fertilizer and an electric power plant.

## IRAN

Jan. 1—It is announced that the Iranian parliament is considering a bill, presented with the Shah's backing, to reduce absentee landlordism and to create small peasant farmer holdings.

Jan. 3—Iran claims half of the Shatt al Arab River, the boundary between Iraq and Iran. The Iraqi Basra Port Authority controls navigation on the river.

## IRAQ

Jan. 6—Political parties are allowed to resume their activities under a new law ending a 5 year banishment.

## ISRAEL

- Jan. 16—It is revealed that the Voice of Israel has been initiated this month with broadcasts to African states.
- Jan. 21—France and Israel end economic talks. France will ease restrictions on imports from Israel.
- Jan. 29—Israel and Syria clash for 3 hours in their demilitarized border area.

## JAPAN

- Jan. 16—Leftist students riot in protest as Premier Nobusuke Kishi leaves for the U.S. to sign a new security treaty.
- Jan. 19—The U.S. and Japan sign a new treaty for mutual security and cooperation.
- Jan. 28—The Soviet Union delivers a note to the Japanese ambassador to the U.S.S.R. protesting the recent treaty with the U.S. and refusing to return the islands of Habomai and Shikotan unless the treaty is renounced.

The Japanese foreign ministry declares that Moscow is intervening in Japanese affairs.

## LAOS

- Jan. 7—Kou Abhay is named premier of a provisional government that will organize elections to the National Assembly. On December 31, Premier Phoui Sananikone resigned, and the army took control of the kingdom.

## LIBERIA

- Jan. 4—William V. S. Tubman is inaugurated for his fourth presidential term.
- Jan. 20—Tubman announces his cabinet.

## MEXICO

- Jan. 14—President Adolfo Lopez Mateos leaves on a 3-week tour of 6 Latin American nations.

## MOROCCO

- Jan. 4—Morocco and the U.S. sign an agreement permitting the Voice of America station in Tangier to continue its broadcasts through 1963.
- Jan. 7—Mohammed V and Premier Abdallah Ibrahim leave for a month's visit to the Arab Middle Eastern states.

## NEPAL

- Jan. 17—Prime Minister B. P. Koirala flies to India for a state visit.
- Jan. 28—India agrees to loan \$29,400,000 to Nepal.

## PARAGUAY

- Jan. 2—President Alfredo Stroessner continues the state of siege for 60 days.

## POLAND

- Jan. 21—It is announced that the Seventh Plenum of the Central Committee of the United Workers (Communist) party opened yesterday. It is also disclosed that scientists, engineers and technicians have been invited for consultation on the problem of how to step up production.

## SPAIN

- Jan. 10—It is reported that several U.S. oil companies have been granted oil exploration rights in the Spanish Sahara.
- Jan. 17—It is disclosed that General Francisco Franco, in a note to the Count of Barcelona and Spanish pretender, has agreed to allow Don Juan's son and heir to the Spanish throne, Prince Juan Carlos, to study with private tutors. Franco originally intended to send the prince to Salamanca University.
- Jan. 27—U.N. Secretary General Dag Hammarskjöld arrives in Madrid for a 2-day visit.

Argentine ex-dictator Juan D. Peron arrives in Spain for a 2-month stay.

## THAILAND

- Jan. 21—Thailand closes the newspaper *Naew Na*, the seventh paper to be shut down in the 27 months of Field Marshal Sarit Thanarat's rule.

## TUNISIA

- Jan. 22—U.N. Secretary General Hammarskjöld arrives in Tunisia for a 4-day visit.
- Jan. 25—President Habib Bourguiba reiterates before Tunisians massed to protest the French plan for an atomic test explosion in the Sahara the demand for the removal of French forces from the Bizerte naval base before February 8.

## U.S.S.R., THE

Jan. 1—Premier Nikita S. Khrushchev hints that if no disarmament agreement is reached with Western powers, the U.S.S.R. may “disarm unilaterally.” He declares that the Soviet Union will cut down its troops and concentrate its defenses on missiles and other types of nuclear weapons.

Jan. 3—In an interview with an Argentine journalist made public today, it is reported that Khrushchev has declared that the U.S.S.R. will not resume nuclear tests unless the West does first.

Jan. 4—The Moscow State Symphony plays its opening concert in New York’s Carnegie Hall under an American-Russian cultural exchange program. It is the first Soviet orchestra to play in the U.S.

Jan. 8—The Soviet Union announces plans to fire “powerful” rockets into the Pacific Ocean 1000 miles east of the Marshall Islands. Ships and other traffic are warned to keep out of the target area.

Jan. 10—The Central Committee of the Communist party criticizes propaganda devices for failure to indoctrinate the Soviet citizenry with communist goals and incentives.

Jan. 11—U.S. and Soviet delegates reopen discussions on payment of the Soviet lend-lease debt to the U.S. (See also *U.S. Foreign Policy*, January 27.)

Jan. 13—It is announced that a top-ranking party leader, Aleksei I. Kirichenko, has been demoted to party leader of the Rostov region.

Aleksandr A. Soldatov is named Ambassador to Britain, replacing Y. A. Malik.

Jan. 14—Khrushchev tells the Supreme Soviet of a new and “fantastic” weapon, and announces a Soviet troop reduction in the next two years of 1,200,000. The premier also reveals that Soviet industrial production in 1959 rose by 11 per cent (a 7.7 per cent rise over 1958 had been estimated).

The M.V.D., Ministry of Internal Affairs, is abolished.

Jan. 15—The Supreme Soviet approves the planned troop cut, and urges other nations to follow the Russian lead.

Jan. 18—The U.A.R. reports that the U.S.S.R. will finance the second stage of the Aswan High Dam.

Jan. 20—Y. A. Malik leaves London to take up his new duties as a deputy foreign minister.

It is announced that Dinmukhamed A. Kunayev has been named to succeed Nikolai I. Belyayev as premier of Kazakhstan, a central Asian republic.

The U.S. reports that the Soviet Union may have fired a rocket into the Pacific area today.

Jan. 21—The Soviet Union announces that yesterday it successfully shot a rocket 7,762 miles into a Pacific target area. The missile fell within 1.25 miles of the target’s dead center.

Jan. 29—It is reported that Nikolai Belyayev, formerly first secretary of the Communist party in Kazakhstan, has been demoted to party head of Stavropol.

Twelve Soviet leaders arrive on a tour of the U.S.

## UNITED ARAB REPUBLIC

Jan. 28—It is confirmed that the Soviet Union has promised a \$287 million grant to the U.A.R. for construction of the second stage of the Aswan Dam.

## UNITED STATES

## Agriculture

Jan. 6—Controller General Joseph Campbell says that almost a quarter of the land placed in the soil bank has never been used regularly for farming. He criticizes slipshod and wasteful Agriculture Department administration of the soil bank.

Jan. 13—Delaware Senator John J. Williams says that Agriculture Department figures reveal 250 cotton producers each receiving a price support loan of at least \$100,000 on 1958 crops.

Jan. 15—Secretary of Agriculture Ezra Taft Benson says that the surplus grain problem is caused by an outmoded and unrealistic price support policy.

## Civil Rights

Jan. 7—In his State of the Union message, President Eisenhower asks Congress for a six-point civil rights program. (For the text of the State of the Union message, see pages 172–180 of this issue.)

Jan. 11—A Federal judge orders Washington Parish (county), Louisiana, to restore

to the voting rolls the names of 1,377 Negroes purged during a Citizens Council campaign. Every name is to be restored to the polls within 10 days.

Jan. 14—A federal grand jury says that evidence in the lynching of Mack Charles Porter in Mississippi provides no basis for federal prosecution. Details of the lynching and names of the participants are said to be common knowledge in the area.

Jan. 21—A United States Court of Appeals stays the order to restore 1,377 names to Louisiana voting rolls until an appeal can be heard.

Jan. 22—The Justice Department asks the Supreme Court to prevent delay in restoring Negro names to Louisiana voting rolls.

Jan. 25—New Yorker Harold Russell Tyler, Jr., is named to head the Civil Rights Division of the Justice Department.

#### Economy

Jan. 20—President Eisenhower tells Congress that the U.S. economy is sound; he asks for steps to maintain stable prices.

Jan. 24—Preliminary estimates of the Department of Commerce set the annual national income rate for 1959 at \$400 million.

#### Foreign Policy

Jan. 14—In his semi-annual report to Congress on the Mutual Security program, the President says that developing the less advanced nations is as important as armed defense.

Eisenhower confers with Soviet Ambassador Mikhail A. Menshikov on the President's coming visit to Russia.

Jan. 17—The White House announces that Eisenhower will visit the U.S.S.R. from June 10 to June 19.

Japanese Premier Nobusuke Kishi arrives for conferences in Washington.

Jan. 19—The United States and Japan sign a mutual security treaty.

Jan. 20—The White House reveals that Eisenhower plans to visit Tokyo about June 20, after his Russian visit.

Navy officials confirm the fact that the Navy has included special provisions permitting cancellation of contracts with U.S. flag ships that previously engaged in trade with Israel, because the Arab states may refuse to accommodate these ships.

Jan. 21—The White House reveals that the President plans to stop in Hawaii after his Russian visit.

Secretary of State Herter says that an East-West disarmament agreement will have to include Communist China.

Jan. 25—The United States and Britain reveal an arrangement for a cooperative scientific launching satellite.

Jan. 27—Negotiations with the U.S.S.R. on Russia's wartime lend-lease debt are broken off by the U.S. because the Russians insist on broadening the scope of the talks.

Jan. 29—Twelve Russian government administrators arrive for a good will visit.

Jan. 30—Arthur Larson, consultant to President Eisenhower and director of the World Rule of Law Center at Duke University, suggests expanding the International Court of Justice into a world-wide legal system.

A statement is made public from General C. P. Cobell, deputy director of the Central Intelligence Agency, calling attention to the Communist drive in Latin America.

Jan. 31—One hundred and fifty delegates to the African Peoples' Congress, representing African political and trade union groups, ask the United States to withdraw support of French policy in Algeria.

#### Government

Jan. 5—The Senate dedicates a \$2 million subway running one thousand feet from the Capitol to the Senate Office Building.

President Eisenhower returns to Washington after a 10-day Georgia vacation.

Jan. 6—The Eighty-sixth Congress convenes its second session.

Jan. 7—President Eisenhower says that his budget for fiscal 1961 will show a \$4.2 billion surplus; he recommends using the surplus to pay off government debt and not for tax reduction.

Jan. 7—The President delivers his State of the Union address. (For the complete text of this message, see page 172 ff. of this issue.)

Jan. 11—The Senate receives 981 nominations from the President, including names of those who received recess appointments.

Jan. 14—Tyler Thompson is named Ambassador to Iceland, replacing John J.



Muccio, named as the new Ambassador to Guatemala.

Edwin McCammon Martin is named Deputy Assistant Secretary of State for Economic Affairs, replacing W. T. M. Beale, Jr. Beale is to succeed Martin as Minister-Counselor for Economic Affairs in London.

G. Frederick Reinhardt is named Ambassador to the U.A.R. and Minister to Yemen, succeeding Raymond A. Hare. Hare is the new Deputy Under Secretary of State for Political Affairs.

The Federal Trade Commission acts against four companies whose products are advertised misleadingly on television commercials. The four companies are: the Aluminum Company of America and one of its subsidiaries, makers of Alcoa Wrap; Colgate-Palmolive Company, makers of Palmolive Rapid Shave cream; Lever Brothers, makers of Pepsodent toothpaste; and Standard Brands, makers of Blue Bonnet margarine.

Jan. 18—President Eisenhower presents the 1961 budget to Congress, with a \$4.2 billion surplus estimated, and asks that the surplus be applied to pay off some of the national debt instead of for tax reduction. A one cent postage stamp increase, a half cent gasoline tax increase and a rise in the aviation fuel tax are listed to provide part of the surplus. Spending is estimated at \$79.8 billion and revenue at \$84 billion. The new budget calls for a military expenditure of \$40.995 billion.

Joseph V. Charyk is named Under Secretary of the Air Force.

Jan. 22—North Carolina Democrat Graham A. Barden says he will not seek re-election; next in line in order of seniority for the chairmanship of the House Committee on Education and Labor is New York Negro and liberal Adam Clayton Powell, Jr.

Jan. 25—After conferring with New York Governor Nelson Rockefeller, Eisenhower rejects Rockefeller's suggestion that the 10 per cent federal tax on telephone service be eliminated and that the states impose the same tax for educational purposes.

Jan. 27—The Justice Department charges Carter Products, Inc., makers of Milton, and the American Home Products Corporation, makers of Equanil, with con-

spiring to monopolize the mild tranquilizer market.

### Labor

Jan. 4—The steel strike ends with a settlement recommended by Vice-President Richard Nixon and Secretary of Labor James Mitchell; steel workers receive benefits calculated by the steel industry at some 41 cents an hour over a 30-month period, including insurance costs and extended insurance coverage. Local work practices will be discussed further.

Jan. 5—A new steel contract is signed.

Jan. 13—President Eisenhower says that his Administration did not bring any pressure to bear on the steel industry to end the steel strike.

Jan. 14—John L. Lewis resigns formally as United Mine Workers President. Thomas Kennedy succeeds him.

Jan. 23—Vice-President Nixon says the steel settlement avoided "even higher" demands from the union.

### Military Policy

Jan. 1—David M. Shoup becomes commandant of the Marine Corp and a four-star general.

Jan. 5—The Air Force plans to retire some 5 thousand reserve officers yearly, whether or not they want to retire.

Jan. 6—Secretary of Defense Thomas S. Gates reveals plans for swift intervention if the Joint Chiefs disagree.

Jan. 11—Air Force Chief of Staff Thomas D. White says he intends to testify against the Administration's plan to reduce production of B-70 bombers.

Jan. 13—The National Aeronautics and Space Administration reveals a decision to use liquid hydrogen as the fuel for the Saturn space rocket.

Jan. 14—President Eisenhower orders an accelerated program for development of super-thrust space rockets.

Jan. 19—Secretary of Defense Gates and General Nathan F. Twining declare that the latest intelligence estimates reveal that there is no "deterrent gap" between Russian and American nuclear striking power.

Secretary of the Army Wilbur M. Brucker says the U.S. has not altered in its determination to resist Red Chinese pressure against Taiwan.

Jan. 31—The Department of Defense says that a Navy plane has reported seeing the second Russian long-range missile shot reach the target area.

Thomas S. Gates, Jr., says that in 1962 the U.S. will begin to catch up to the Russians in missile production.

Jan. 21—The Pentagon reveals that its tracking ships reported that on January 20 the Russian test weapon hit the impact area reserved by the U.S.S.R. for the test.

Jan. 23—The Navy's bathyscape Trieste reaches the bottom of the Marianas Trench of the Pacific in a record dive of more than seven miles.

Jan. 27—Senator Stuart Symington says that "the intelligence books have been juggled so the budget books may be balanced." He notes that "this is a serious accusation which I make with all gravity."

Jan. 28—The Air Force dedicates a command post for a world-wide set of launching, tracking and recovery bases for artificial satellites.

The National Aeronautics and Space Administration offers Congress a 10-year research program, looking toward manned flight to the moon in the 1970's.

Jan. 29—Democratic Senate leader Lyndon Johnson declares that the Russians have "an enormous advantage in missile striking power," after listening to secret information from Director of the Central Intelligence Agency Allen W. Dulles. Other Democrats concur.

Jan. 30—Major General John B. Medaris formally retires.

### Politics

Jan. 2—Massachusetts Senator John F. Kennedy says he is a candidate for the Democratic presidential nomination.

Jan. 9—Vice-President Richard Nixon's office announces that he has agreed to have his name entered in the presidential primaries of New Hampshire, Ohio and Oregon.

Jan. 5—Ohio's Governor Michael V. DiSalle says he will take a solidly pro-Kennedy delegation of 64 votes to the Democratic convention in July.

Jan. 10—Missouri's Democratic Senator Stuart Symington says he would like to be President, but will not be an active candidate.

Jan. 11—Senator Wayne Morse says he will be a candidate for the Democratic presidential nomination.

Jan. 13—President Eisenhower indicates to his news conference that he favors the nomination of Richard Nixon as the Republican presidential candidate.

Jan. 19—California's Governor Edmund G. Brown says he is a candidate for the Democratic presidential nomination.

Jan. 21—John Kennedy says he will enter the Wisconsin and Nebraska presidential primaries; in Wisconsin he will run against Minnesota Senator Hubert H. Humphrey.

Jan. 27—At a Republican party dinner, Eisenhower says that "our country is, overall, the strongest power on earth, both militarily and economically."

### Supreme Court

Jan. 11—The Supreme Court refuses to reconsider its December 14 order denying a new hearing for Caryl Chessman, under sentence of death in California, who has fought in court for 11.5 years to free himself.

Jan. 12—Attorney General William P. Rogers asks the Supreme Court to reverse a district court decision of April, 1959, that the 1957 Civil Rights Act is unconstitutional.

Jan. 18—The Supreme Court rules that it is unconstitutional to provide military trials for civilian employees and armed forces dependents overseas in peacetime. The Uniform Code of Military Justice passed in 1950 is thus voided in a key section.

### VENEZUELA

Jan. 11—Demonstrations of jobless workers are quelled by National Guardsmen.

Jan. 20—It is announced that leaders of a plot to overthrow the government of President Romulo Betancourt have been arrested.

### VIETNAM, NORTH

Jan. 5—North Vietnam accuses Laos of twice violating the Vietnam frontier in late December.

### YUGOSLAVIA

Jan. 21—Yugoslavia agrees to a \$40 million loan to India.

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